



Daily Report—

East Asia

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Daily Report

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U.S. Stand at APEC Fukuoka Meeting Examined
*OW0103143595 Tokyo EKONOMISUTO in Japanese
7 Mar 95 p 25*

[Unattributed "Line Up" article: "U.S. Softens Demand for Liberalizing Trade, Investments—Japan's Steering Important for APEC Summit"]

[FBIS Translated Text] The Asia-Pacific Economic Cooperation (APEC) forum, a gathering for trade and investment liberalization in the Pacific rim, held the first senior officials' meeting (SOM) in Fukuoka in mid-February to pave the way for the APEC Osaka summit scheduled for November.

The main objective of APEC for 1995 is to formulate an "action plan" to implement the declaration for trade and investment liberalization (or the so-called Bogor Declaration) adopted at the last summit talks in Indonesia. A conflict between the United States and Asian nations was the focal point of the Fukuoka SOM since adjustment of U.S. and Asian interests is vital to the success of the liberalization talks.

The United States has been calling for setting clear objectives for liberalization of intra-regional trade and investments. The U.S. initiative was reflected in the Bogor Declaration setting as a goal in shifting the Asia-Pacific area to a free trade and investment zone by the year 2020, with advanced nations taking the lead by 2010.

None of the 18 APEC members has objected to the need for future liberalization as it is a "common perception that all APEC members must accept" (as noted by a Foreign Ministry [MOFA] official). Yet, ASEAN nations are wary of the U.S.-led comprehensive and drastic liberalization process. Director of the Malaysian research institute for strategies and international affairs Sopie [name as published] said: "Unlike the European Union (EU), APEC is formed by economies with varying industrial structures and economic maturity." Also, Asian nations are suspicious that the United States is aiming at hegemony in the Asian market.

Despite Asian members' precautions, however, the United States took an "unexpectedly mild and flexible stance" (as noted by a source concerned) at the Fukuoka meeting. U.S. Representative to APEC Sandra Kristoff said in a news conference upon her arrival in Japan that "the action plan should be given comprehensive and definite characteristics." It seemed that the U.S. stand on the liberalization issue was unchanged. During the three-day talks, however, U.S. officials did not repeat their one-sided demand for early liberalization, and "we felt disarmed because their attitudes were too reasonable"

(as noted by another MOFA official). A source close to the Ministry of International Trade and Industry [MITI] noted "I do not think the United States completely changed its stance, but adequate consideration for Asian nations was observed in its behavior during the SOM."

What is the background of the change in U.S. stance? MOFA and MITI believe it was mainly caused by the Democrats' defeat in the 1994 off-year election. The Clinton administration is being urged to grapple with domestic problems, and, under such circumstances, the U.S. Government can hardly take drastic actions concerning Asia policy. The United States considers China policy is more important than that for Japan; however, the nation is not really sure about the post-Deng Xiaoping Chinese situation. MOFA and MITI noted this may be another reason for that nation's prudent attitudes in APEC.

On the other hand, APEC members did not discuss tangible measures for liberalization during the Fukuoka meeting. The United States has not said it will give up its demand for early liberalization. As the 1995 host nation of APEC, Japan has a responsibility to coordinate conflicting interests of member nations, in view of future courses of action of the United States.

Close ROK-PRC-Japan Cooperation Stressed
*SK1702124895 Seoul YONHAP in English 1019 GMT
17 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 17 (YONHAP)—A South Korean delegate to the recent high-level working-level meeting of the Asia-Pacific Economic Cooperation (APEC) in Fukuoka, Japan emphasized on Friday the need of closer triangular cooperation among South Korea, China and Japan.

Ambassador at Large Yi Chang-chun said the three countries which have not joined any regional organization like the Association of Southeast Asian Nations (ASEAN) should positively cooperate with one another in all sectors.

He suggested that the triangular cooperation first start in non-political areas like academy, culture, environment and resources, and gradually expand to cover even the political, diplomatic and security sectors.

In a speech at a lecture session sponsored by a Fukuoka economic organization, Yi said he expects the Kyushu area geographically in close proximity to South Korea and China, will contribute much to economic cooperation in Northeast Asia taking advantage of such geographical advantage.

Japan**MCA Deregulation Report Format Rejected**

OW0103135995 Tokyo *MAINICHI SHIMBUN* in Japanese 1 Mar 95 Morning Edition p 2

[FBIS Translated Text] It was disclosed on 28 February that ministries and agencies are opposed to a call by the Management and Coordination Agency [MCA] to unify the format of the interim report on the "five-year delegation project." The government requested that ministries and agencies submit their own interim reports for discussion of the deregulation project on 10 March. However, their rejection of the MCA's request indicates that their reports may end up being inconsistent as they intend to act independently. It may prompt a strong reaction from the United States which has demanded that the report be detailed.

The Ministry of International Trade and Industry [MITI] has already submitted an interim report regarding its handling of deregulation requests at home and abroad. In discussing each request, MITI lists "its content," "the name of the organization that made the request," "an answer to the request," and "the name of the division in charge of the request" in its interim report. The MCA asked other ministries and agencies to follow the MITI-style when formulating the report.

Some responded favorably, but most of them refused to adopt the MITI-method, saying: "We have no time," and "it is difficult to explain why deregulation is difficult in certain areas."

Ministries and agencies are strongly opposed to drastic implementation of deregulation. Since the government asked them to submit reports "voluntarily," such reports will doubtless lack strong appeal. Therefore, it is likely that discontent will erupt from the European Union (EU) and economic organizations as well.

Hawke: U.S. Sanctions Upset Regional Trade

OW0203124595 Tokyo *KYODO* in English 1210 GMT 2 Mar 95

[FBIS Transcribed Text] Tokyo, March 2 KYODO—Talk of trade sanctions against Japan and other Asian nations among key members of the administration of U.S. President Bill Clinton threatens a healthy trade regime in the Asia-Pacific region, former Australian Prime Minister Bob Hawke said in Tokyo on Thursday (2 March).

Hawke, in a keynote speech at an international symposium organized by Japan's Postal Savings Promotions Society, said the U.S. should look to its own macroeconomic policies for the answer to its trade imbalance with Japan.

Hawke said Japan now buys more from the United States than does Germany, France and Italy combined.

"And note this fact—which intelligent U.S. audiences take in with open-mouthed wonderment when I put it to them," Hawke said. "In 1994, Japan imported much more per capita from the U.S. than the U.S. did from Japan—506 dollars as against 453 dollars, or 11 percent more.

"The size of the trade imbalance is a function of the much higher population of the United States compared with Japan and not the relative accessibility of their respective markets."

Hawke, who played a leading role in introducing the Asia-Pacific Economic Cooperation (APEC) forum during his 1983-91 term as prime minister, said a tariff liberalization agenda proposed by the U.S. representative on the APEC Eminent Persons Group could entail the formation of a trading bloc.

Under the proposal, Hawke said, any lowering of tariffs by APEC members would be extended only to outsiders who made reciprocal concessions.

Hawke said this is "diametrically opposed to APEC principles" and "would threaten the division of the global economy."

Tokyo To Run Image-Making Campaign on CNN

OW0203094595 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 1 Mar 95 Morning Edition p 8

[By Washington Bureau]

[FBIS Translated Text] In a publicity blitz aimed at the United States, the Japanese Government will run advertisements about Japan in the U.S. beginning 6 March.

Three advertising segments dealing with Japanese markets and Japan-U.S. cooperative relations will be broadcast on CNN Television for audiences in the United States for a month. One aim of the campaign is to counter criticism that calls Japan "a country without a face" by publicizing the fact that Japan and the United States have an "alliance relationship."

Specifically, the three, two-minute commercials will cover 1) the Japanese markets which are open to U.S. products; 2) increasing mutual understanding at the private-sector level; and 3) global cooperation over environmental issues and in other areas.

For instance, in the piece on "markets," American corporations such as AT&T and Mobile Oil, which are operating in Japan, will be introduced on the videos. This will emphasize that "Japan is full of U.S. brand-name products." A comment by a manager of Budweiser saying "(U.S.-made beer is) loved by Japanese consumers" is included.

**U.S. Defense Report on East Asia Strategy
Viewed**

Government Reaction Noted

*OW0103144995 Tokyo ASAHI SHIMBUN in Japanese
1 Mar 95 Morning Edition p 2*

[Unattributed article: "Toward Full-Fledged Reassessment of Security"]

[FBIS Translated Text] Compiled as a package of measures to deal with the post-Cold War world, the U.S. Defense Department "Report on Strategy for East Asia" clearly indicates that the role of Japan-U.S. security arrangements has changed from "containment of the former Soviet Union" to "stability of the Asia-Pacific region." The report suggests the globalization of Japan-U.S. allied relations and that the Japanese Government welcomes the report in principle as compatible with the post-Cold War age. However, there is a possibility that differences could surface between Japan and the United States over the way of promoting multilateral security consultations when they "redefine" Japan-U.S. security arrangements and review their respective future defense and security policies.

Role Change

Now that the Soviet Union, which was viewed as a "potential threat" to Japan's safety during the Cold War era, collapsed and East-West confrontation disappeared, explaining the significance of keeping the Japan-U.S. security arrangements intact has become a troublesome question for the Japanese Government. Some government officials are voicing concerns that the Japan-U.S. Security Treaty has lost its significance, as in the case of the "Japan-Britain Alliance that lost its significance in the wake of the Japan-Russia War." The growing trend within the U.S. administration of preferring "commerce" to "defense" is triggering a sense of crisis among officials in charge of security affairs.

The report not only characterizes Japan-U.S. allied relations as an "important element in securing the Asia-Pacific region's safety," but states that "trade friction between the two countries should not undermine their security relations." Japanese officials are greatly pleased that the "report tries to resurrect Japan-U.S. security arrangements." The Japanese officials are saying this is a result of the continued exchange of opinions between the Japanese and U.S. Governments that began last fall.

Differences

With regard to the report's language regarding Japan-U.S. relations, the Foreign Ministry says: "We do not disagree with it at all." However, there is a possibility that subtle differences could surface between the two countries in the process of shaping specific security policies. A senior Defense Agency official says: "If Japan vigorously works to promote multilateral security consultations or creates a framework for them, this would

lead the United States to worry that Japan wants to disengage from relations with it."

There is a precedent. A report compiled last August by the "Defense Affairs Panel," an advisory body to the prime minister, while discussing Japan's future defense role, put "multilateral security strategy" ahead of "Japan-U.S. security cooperative relations." In response, the United States raised questions about the report by asking: "Does Japan plan to give priority to multilateral security?" It is clear that Japan and the United States have not taken the same position or shared identical interests in operating the security arrangements, in exchanging defense technologies, or in handling problems arising from U.S. military bases in Japan.

Future Responses

The government plans to review the "Defense Plan Guideline" in line with the U.S. Government report (says a senior Defense Agency official). The same Defense Agency official also says the government will amend the Special Agreement on Japan's sharing the cost of keeping U.S. forces in Japan in a way to keep the cost at the present level. In this way, the government is clearly considering "maintaining allied relations with the United States."

If Japan feuds with the United States over multilateral security consultations and mishandles problems arising from U.S. military bases in Japan, it would make it hard for the government to win the people's understanding of Japan-U.S. security arrangements. The government, which sees security consultations with the United States as the most important matter, plans to exchange views with U.S. officials at various levels.

Editorial Welcomes Report

*OW0203094995 Tokyo YOMIURI SHIMBUN in
Japanese 1 Mar 95 Morning Edition p 3*

[Editorial: "It Is Time To Substantially Strengthen Japan-U.S. Security Ties"]

[FBIS Translated Text] "Safety is something like oxygen. People have a penchant for realizing the existence of oxygen only after losing it. The security presence of the United States in East Asia has helped breath oxygen into development of the region."

The "Report on Strategy for East Asia" [as published] compiled by the U.S. Department of Defense ["U.S. Security Strategy for the East Asia-Pacific Region"], while looking back over the role that the United States has played in East Asia, stresses that the United States should stay involved in Asia, work for peace in the region, and devote itself to strengthening allied relations and friendship with some Asian nations in order to maintain the security and prosperity of East Asia through the 21st century.

The report was compiled by the Pentagon as part of its efforts to review the security of East Asia. Noting that in East Asia, in addition to the uncertainty over leadership changes, the regrouping of political parties, security and economy, there are potentially unstable factors such as the danger of proliferation of the weapons of mass destruction, ethnic conflicts and territorial disputes, the report points to the threat from the military buildup by China and North Korea.

The report also states that as a power to maintain stability and peace, which are the foundation for economic development in the region, the United States, an Asia-Pacific nation, is resolved to play the role of an impartial mediator with credence and fairness in the region.

We welcome the report. If the United States renounced this role it would create a power vacuum in the region, and some nation that seeks hegemonism over the region would fill that vacuum, thereby undermining the stability and prosperity of the region. What many nations in the region hope for is the continued presence of the United States.

The regional security structures that the report envisions are the bilateral alliance led by the United States, the ASEAN regional forum to supplement the bilateral alliance, and multilateral security consultations including a Northeast Asia consultative body. Many nations in the region have stressed the need to create a forum for multilateral security consultations and a Northeast Asia consultative body. The report sees the Japan-U.S. security alliance as the centerpiece of security in the region.

The report points out that not only Japan and the United States, but all nations in the region view the Japan-U.S. alliance as an important element in securing the stability of Asia. We agree with the point that the report makes. The presence of U.S. forces in Japan is a stable factor in the region and the Japan-U.S. Security Treaty has the aspect of guaranteeing Japan's position that Japan will not become a military power. It goes without saying that Japan is under the U.S. nuclear umbrella and has no intention of possessing nuclear weapons.

Asserting that Japan-U.S. relations consist of the three pillars of security alliance, political cooperation, and economic-trade, the report states that trade friction between Japan and the United States should not undermine their security alliance. This is a point we have long asserted.

Needless to say, both Japan and the United States need to deal appropriately with their trade friction. It cannot be denied that in recent years the matters of concern to both Japan and the United States have turned out to be economic. It is true that both Japan and the United States have had the tendency of overly highlighting their trade friction. That tendency has created a situation where they have been disgusted and irritated with each other, with a danger of impaired relations.

We would like to assess the report as a change in the United States' Asia policy that came about from the United States realizing the danger. The report, that attaches importance to Japan-U.S. relations, is a persuasive rebuttal of arguments in Japan and the United States for terminating the Japan-U.S. Security Treaty.

The importance of Japan-U.S. security arrangements remains as crucial as in the Cold War era. Both Japan and the United States should seek to rebuild and substantially strengthen their security arrangements in light of the Asian situation in the post-Cold War era. We hope the top leaders of Japan and the United States will issue a joint declaration on Japan-U.S. security while attending meetings of the Asia-Pacific Economic Cooperation (APEC) forum which is scheduled to be held in Osaka in November.

Review of Security Alliance Urged

OW0203004695 Tokyo ASAHI SHIMBUN in Japanese
1 Mar 95 Morning Edition p 5

[Editorial: "Imagine Security in Asia"]

[FBIS Translated Text] "The Japan-U.S. security framework plays a very important role in the peace and security in the entire Asia-Pacific region," Prime Minister Tomiichi Murayama said during his U.S. trip in January.

The Social Democratic Party of Japan [SDPJ] has long been calling the public's attention to the dangers of military operations in Asia by U.S. Forces in Japan in the name of "peace and security in Far East."

Now, however, Murayama, the SDPJ leader, has finally acknowledged the role of the U.S. in the "entire Asia-Pacific region." The Murayama remark was epoch-making in the sense that it demonstrated the great changes that have taken place in the "Japan-U.S. security framework" since the end of the Cold War.

In its report "Strategy for East Asian Security," the U.S. Department of Defense [the Pentagon] said preparations for a new definition of the Japan-U.S. security alliance is one of the top priority issues in the United States.

East Asia is undergoing rapid economic growth, but the region also has various political uncertainties, such as the situation on the Korean Peninsula and China's arms modernization efforts. The theme of the Pentagon report is that the U.S. military presence can function as a "stabilizer" to prevent regional conflicts and that will benefit the economy in both Asia and the United States.

To achieve that objective, the report says U.S. Forces stationed in the region should maintain the current 100,000-men frontal strength. It also advocates the reinforcement of military alliances since the Cold War period, the prevention of nuclear arms proliferation, and

theater missile defense. It stresses the significance of the "Japan-U.S. alliance" as the keystone to realizing these strategies.

It is questionable whether the United States really has to maintain its 100,000-man strength in Asia while the world is heading for arms reduction.

On the other hand, Southeast Asian nations are concerned about a possible "power vacuum" in neighboring regions. We cannot ignore their view that Asia may become unstable if the U.S. security role is suddenly weakened. In this regard, the role of U.S. Forces Japan may not be limited to a bilateral alliance.

We would like to welcome U.S. acknowledgement of the need for multilateral security consultations, although the report also notes that the United States does not think multilateral frameworks can replace the existing bilateral security alliances.

Individual members of the Asia-Pacific region have varied backgrounds of history, culture, politics, and economy, and their security perceptions may vary too. The ASEAN regional forum has just opened discussions on security issues. A full-scale peace organization may be born from the consultations, but it will be a time-consuming process.

However, the multilateral framework will eventually be given more weight as the military role of the United States will gradually weaken over the long-term.

The question is, what is Japan's view of the U.S. strategy. As a tangible measure, Japan should play a positive role in reinforcing the regional security framework in Asia in partnership with the United States.

As has been seen in recent dialogue with Russia and China on defense policy, Japan is starting various attempts at confidence-building with its neighbors. In line with these efforts, Japan should draw up a picture of what it sees as the future multilateral security mechanism in Asia, even if it is no more than a rough sketch. For example, Japan may take a more positive role in settling the dispute over the Spratly (Nansha) Islands.

Another possibility is the intensification of demands on China to cut its arms build-up, because it is the key to security in Asia.

We must not forget that some aspects of the Japan-U.S. security framework should be reviewed. Settlement of base-related problems is an urgent question. The military-oriented nature of the bilateral security alliance should be softened to help it catch up with developments in the Asian situation, and the reorganization and scale-down of the Self-Defense Forces should be discussed from the viewpoint of military balance in Asia.

Thirty-five years have passed since the last revision of the Japan-U.S. Security Treaty in 1960. Under the

framework of the Cold War, we have become accustomed to viewing the international community through the prism of bilateral relations with the United States.

Although the government always says "consistency is the top concern in diplomacy," we do not need outdated diplomatic policy.

MOF Rejects BOE's Request To Rescue Barings

OW0203124895 Tokyo *MAINICHI SHIMBUN* in Japanese 1 Mar 95 Evening Edition p 4

[By correspondent Akio Murata]

[FBIS Translated Text] London, 28 February—It was recently revealed that Japan's Ministry of Finance [MOF] had rejected a request by the Bank of England [BOE], Britain's central bank, to help bail out British merchant bank Barings PLC, which virtually went bankrupt after it incurred huge losses on derivatives transactions.

According to financial sources, the BOE found out Barings' financial crisis on 25 February. On that day, BOE Governor Eddie George and other BOE officials discussed ways to rescue Barings with 12 major British, German, and Swiss financial institutions. During the discussion, the BOE asked the financial institutions to buy up Barings but was told that the confirmation of the amount of the bank's losses was necessary as a prerequisite for the buy-out. The BOE's main business is futures trading on Japanese shares and bonds, and most of its clients are Japanese companies. Because of this connection, the central bank asked the MOF through the Bank of Japan to do stock pricing and dealing out of the market.

However, the MOF rejected this demand, claiming that although this was an emergency case, it could not do what runs counter to the principles of market transactions established in accordance with the Securities and Exchange Law. Because of this, the BOE's rescue plan to find a buyer before Barings collapses is said to have failed. The report on Barings' massive losses came on 27 February, which said the bank incurred losses totaling 600 million pounds (90 billion yen) in market price. After it was placed in the hands of court-appointed administrators, Barings virtually went bankrupt. The administrators have already begun to make payments for the bank's incomplete transactions through Japanese and U.S. securities firms. However, because Barings' losses are more than its capital, it is said that the bank will not be able to reconstruct itself on its own. Barings is urged to decide what alternative it should take—being merged into another bank or going into liquidation.

Subsidiary Ordered Liquidated

OW0203132795 Tokyo *NHK General Television Network* in Japanese 1028 GMT 2 Mar 95

[Announcer-read report; from "NHK News 7" program]

[FBIS Translated Text] The collapse of the British merchant bank Barings PLC has had a great impact on Japanese stocks. In connection with the bankruptcy of the British financial firm, the Ministry of Finance [MOF] gave notice this afternoon to the Tokyo District Court to initiate a special liquidation process of terminating Barings Securities Company, a subsidiary in Japan of Barings PLC, claiming that Barings Securities Company is suspected of being burdened with debts exceeding its capital.

Barings PLC, which consists of banks and securities firms, has gone bankrupt following its failure in futures transactions of Japanese stocks. In response, the MOF on 27 February virtually froze the assets of Barings Securities Company by instructing it not to sell stocks and bonds entrusted by investors and has since scrutinized its financial position. At the end of the scrutiny, MOF put notice to the Tokyo District Court to initiate the special liquidation process, asserting that Barings Securities Company is suspected of being laden with debts exceeding its capital. Upon receiving the notice from the MOF, the Tokyo District Court immediately ordered Barings Securities Company not to sell its assets at will.

Regarding Barings PLC in Britain, a parent company of Barings Securities Company in Japan, bank trustees are presently examining ways to reconstruct the bankrupt British financial firm. As for Barings Securities Company in Japan, if the Tokyo District Court rules out the possibility of reconstructing it after surveying its asset, it would be liquidated.

Contract Cancellations Suspended

OW0203124195 Tokyo KYODO in English 1221 GMT
2 Mar 95

[FBIS Transcribed Text] Tokyo, March 2 KYODO—The cancellation of foreign investment trust contracts between managing affiliates of British merchant bank Barings PLC and investors has been suspended, financial sources said Thursday [2 March].

Yamaichi Securities Co. earlier sold to Japanese investors certificates of the investment trust operated and managed by the Baring-affiliated concerns, including an investment counseling company.

The sources said the suspension of the cancellation is temporary and the assets so far managed are safe.

The investment trust is Baring Infrastructure Fund, whose net assets are 2.5 billion yen.

The fund assets are under the care of Baring Brothers Ireland, based in Dublin.

Gist of Murayama Speech at Copenhagen Summit

OW0103145595 Tokyo YOMIURI SHIMBUN in
Japanese 1 Mar 95 Morning Edition p 1

[FBIS Translated Text] The gist of the speech Murayama is to deliver at the UN-sponsored summit for social

development in Copenhagen on 11 March was revealed on 28 February. The speech's main points include: 1) A policy shift to place more emphasis on "social development"—protecting "human security" in particular—but not on "economic development"; and 2) the importance of disarmament and restricting the weapons trade. In advocating "people-friendly politics," Prime Minister Tomiichi Murayama intends to stress the need to help the poor by correcting the unfair social system and their participation in local communities.

Specifically, the prime minister will ask nations participating in the summit to increase aid to developing countries so that 20 percent of their Official Development Assistance (ODA) will be spent to promote social development projects. Regarding disarmament, he will emphasize the need to restrict weapons exports and support for developing nations as "the peace concept."

Other Murayama proposals also include creating a comfortable living environment and the early ratification of an antiracial discrimination agreement by all summit participants.

ASAHI Report on Red Cross Fund Denied

OW0203044595 Tokyo KYODO in English 0341 GMT
2 Mar 95

[FBIS Transcribed Text] Tokyo, March 2 KYODO—The Japanese Red Cross Society has not rejected a government plan to set up a private fund within the organization to pay a "solatium" to Asian women forced into sexual slavery for Japanese soldiers in World War II, the top government spokesman said Thursday [2 March].

"I was a bit surprised when I saw a newspaper headline this morning," Chief Cabinet Secretary Kozo Igarashi said at a news conference, referring to an ASAHI SHIMBUN report that the society has refused to serve as a secretariat of the planned fund.

"It is not true our offer has been turned down," he said, adding the government is still trying to seek the Japanese Red Cross cooperation over the fund project.

The government plans to provide an appropriation for necessary preparatory costs for the fund in the budget for fiscal 1995, which begins April 1. The fund itself is to be set up mostly through donations by citizens.

An estimated 100,000 to 200,000 Asian women—largely from the Korean peninsula under Japanese colonial rule between 1910 and 1945—were forced to work in front-line brothels for Japanese soldiers before and during the war.

France Agrees on 3d-Nation Trade Insurance

OW0203132495 Tokyo KYODO in English 1134 GMT
2 Mar 95

[FBIS Transcribed Text] Tokyo, March 2 KYODO—Japan and France on Thursday [2 March] reached a

comprehensive accord to promote joint projects in third nations through mutual cooperation in trade insurance coverage, the Japanese trade ministry said.

International Trade and Industry Minister Ryutaro Hashimoto and French Economic Minister Edmond Alphandery struck the deal during a 45-minute meeting in Tokyo.

The agreement calls for Japan and France to cooperate in accepting insurance coverage for certain projects in third nations, including coverage for each other's exports, the Ministry of International Trade and Industry (MITI) said.

The accord also includes jointly assessing country risks in third markets and launching bilateral consultations on a yearly basis, MITI said.

It is the third such deal for Japan on bilateral cooperation on trade insurance, following one with the United States in May 1991 and an agreement with South Korea in March 1994.

The first joint project based on the Japanese-French accord will be a 480 million dollar plan by Uzbekistan to build a new oil refinery.

The Japanese and French Governments will guarantee a combined 200 million dollars in trade insurance payments for the project, MITI said.

The project calls for Uzbekneftegaz, the former Soviet republic's public oil and gas corporation, to build a refinery with annual output of 2.5 million tons in Bukhara, MITI said.

Last year, MITI established a credit line of 200 million dollars for the project for producing gasoline and jet fuel.

During the meeting with Hashimoto, Alphandery asked Japan to buy more French-made aircraft, MITI officials said.

Alphandery was quoted as saying that Japan Airlines should join two other Japanese airlines in purchasing planes manufactured by Airbus Industrie, the European consortium that makes the Airbus.

Hashimoto replied that Airbus Industrie should try harder to sell its planes in Japan, according to the officials.

Alphandery also requested Japan to step up deregulatory efforts in a five-year package to be unveiled at the end of March, the officials said.

The French minister said France is interested in seeing Japan relax its control on services areas as well as industrial fields.

MITI's Hashimoto Discusses National Future

OW0203045695 Tokyo BUNGEI SHUNJU in Japanese
Mar 95 pp 312-321

[Discussion between Taichi Sakaiya, writer, and Ryutaro Hashimoto, minister of international trade and industry,

chaired by unidentified staff member of BUNGEI SHUNJU: "Prescriptions For Japan, A Confused Big Power," place and date not given]

[FBIS Translated Text] [BUNGEI SHUNJU] The Economic Planning Agency declared Japan out of recession, and the Diet settled such perennial issues as a taxation bill, a constituency redistricting bill, and ratification of the World Trade Organization Treaty. However, these did not help to clarify Japan's future direction like the lifting of a fog. Instead, Japan's future seems to be shrouded by ever elusive opaqueness. Today, I would like for both of you to exchange opinions to clear up this cloudy fog a little.

[Sakaiya] To me, Japan is an extremely unpolished, clodhopping country and seems to have become an un-urbane nation.

The first characteristic of a city is free trade and cooperation with the outside. Sorai Ogyu (1666-1728) pointed out "life in Edo (old Tokyo) is something like staying in an inn." As he said, to live in the city you have to buy everything, like living in a hotel. You have to rely on free trade and on the outside world.

The second is that it is weak militarily. Wars can ruin a city. Third is that city dwellers do not belong to a single community. They belong to professional organizations as well as the regional community. Those who have different religions, hobbies, and family lines mingle together and lead their lives by belonging to multiple groups.

Today's Japan, however, has completely turned the other way, except that its military power is weak. First of all, from the viewpoint of industrial and trade structure, Japan sticks to the idea of doing things as a set and is determined to complete everything from beginning to end within Japan. Japan confines its trade within the scope of inevitable necessities. In contrast to pre-war day Japanese who belonged to multiple groups, Japan today has become one entity as the result of life-time employment and single-track education.

In pre-war days, intelligent men of solid character from poor families studied in commercial or technical schools to pursue their professional skills. If they proved to be brilliant at school, they could win scholarships for higher education at higher commercial or technical institutions. The rating of schools was versatile in those days: Tokyo University was good for people going into government service, but for those wishing to work at trading firms Hitotsubashi or Kobe Colleges were recommended. Those wishing to become mining engineers went to Akita Technical College, and those wishing to be silk goods engineers went to Fukui Technical College, each having its own individually high reputation.

In the post-war era of mass production of standard goods and within the 1955 order of the economy, policies, and

management, all of them were organized into a hierarchy, making them line up in the order of their deviation from the mean value.

[Hashimoto] If this had been enforced, you and I could not have succeeded in entering college. (laughter) For sure.

[Sakaiya] I failed the entrance exams twice before barely succeeding the third time. (laughter)

[Hashimoto] When I see my children getting ratings based on the mean value, I think I would have definitely failed.

[Sakaiya] When I was in school, I was already subjected to that kind of influence. When I was a student at Sumiyoshi High School in Osaka, I declared: "I will take a test at Tokyo University." To this, my teacher confided, "If you said you would take a test at Osaka University, I was going to say you had better try an easier college. If you are going to take a Tokyo University test, I have nothing to utter." And as he predicted, I failed.

It was 1954, and as I recall that incident, putting education on a single track was already under way. But there was still room for the teacher to say he would not oppose if the student made up his mind to take a Tokyo University test. Thereafter, the single-track alignment gained momentum, and the freedom to test at will at a school where it is thought it will be difficult for the student to pass has been gradually controlled. If it were today, I would have definitely been unable to take an entrance examination at the former Imperial University of Tokyo.

This trend has not been limited just to education, but the social thoughts as a whole have come to be measured by only one standard. Those graduates of famous educational institutes went to work for well-known companies and climbed to high-paying positions, being respected socially and in an advantageous position in the fields of authority and income.

Why Did the Decline Start?

[Hashimoto] Such people are excellent—no doubt about that—but they do not have knowledge of miscellaneous matters, for instance. The other day, I happened to tell a man about the speech of Johann G. Fichte (1762-1814) entitled: "A Proclamation to the German People," and he did not know what that is.

"Do you know the passage that starts: 'Hearing the clatter of the French cavalry horses...?' I asked. His answer was no, because such a question is not asked in college entrance examinations.

But, this kind of cultural knowledge is necessary. Foreign guests come to visit the Ministry of International Trade and Industry [MITI] and conversation will become lively if jokes and historical events of their countries are told.

[Sakaiya] Our generation possesses extremely little knowledge of the Chinese and Japanese classics compared to people of the Meiji era. The younger generation may have even less knowledge. Then, do they read "The General Theory of Employment, Interest, and Money" by John M. Keynes (1883-1946)? No, they don't. It seems to me that they are too absorbed in chasing fluid information. This is why Japanese society is so busy. Business managers are busy because they lack either in basic knowledge or determination.

[Hashimoto] One more problem is that society has become less enthusiastic about going after a big dream. People now only want to be just like everybody else and do not need to have a big dream. An example is that each and every prefecture wants to have an airport.

I am involved in a dispute with the Ministry of Transport, insisting that the new Kansai Airport at least should have completed its second stage of building an emergency runway for use in case of cross winds. The new Kansai Airport is meaningless if it does not become a so-called hub airport, a big Asian transit terminal. Seoul, Shanghai, and Hong Kong all built large airports and let local Japanese airports have direct connections. Under such circumstances, I ask how can the new Kansai Airport with one runway can become a transit hub airport? But this does not work. In short, it cannot be allowed to build another runway because, if it is allowed to do so, Hyogo Prefecture will demand an airport of its own off the coast from Kobe and Aichi Prefecture will demand a central international airport.

[Sakaiya] Japan's regional policy is intended to level out differences among regions, and this policy has been steadily pursued after the war. Because those regions that are above average are not entitled to subsidies, prefectures have to point out their defects in order to get one. And this policy tends to cause local areas to deteriorate. Such a policy is not good unless it is changed to one that encourages things in which the region prides itself.

Regulation or Free Market?

[Hashimoto] The other day I happened to be at a meeting of the New Business Council, an organization of so-called venture business entrepreneurs. It was a very interesting gathering, and at the same time I was shocked to hear these businessmen intending to finance their funds through over-the-counter transactions in the United States. They have absolutely no intention to do so in Tokyo. That is all right, because such a decision is up to them. But what frightened me was what they thought they would do so later. After a big debate with the Securities Bureau of the Finance Ministry, it was agreed to make some changes to the restrictions and rules related to over-the-counter transactions in Tokyo so these venture businessmen can offer their stocks for public subscription to finance their fund, thus preventing the hollowing out of Japanese financing. Contrary to expectations, the majority of the New Business

Council members do not think Japan's open over-the-counter stock market can grow easily, even if restrictions are eased. They say that it is not easy for a market that buys ventures' growth to develop in Japan, because the Japanese do not have a strong inclination toward high-risks and high-return. Many of them said that if they could manage their funds on the U.S. over-the-counter markets, then when their businesses grow to a certain level, they would return to the practice of financing their funds on secure markets. This way of thinking frightened me a little.

[Sakaiya] Well, I cannot quite determine whether it is the Japanese character that prevents such a market from growing in Japan or because of restrictions that put a brake on it.

For example, in Japanese horse racing for a long time you could not bet money on a horse but on the number of the starting gate blocks. But once betting on a horse was allowed, racing became much more popular. (laughter) Therefore, it is my assumption that an unexpectedly large number of Japanese prefer such a high risk and high return.

Japan is accustomed to a kind of competition symbolized by "sumo" wrestling. To become a "sumo" wrestler, the aspirant has to undergo a prescribed course of training at his stable, belong to the "sumo" community in his whole personality, with the same attire and the same consciousness as other aspirants. Spectators, a kind of market, do not decide who will be allowed to rank in "makunouchi" (the highest of the six divisions of "sumo") or the "yokozuna" (grand champion), but the "sumo" association, the manager, decides. On the contrary, the United States and the United Kingdom are a competitive society in the style of professional wrestling. Anybody can come in, and the one who draws the largest number of spectators becomes the greatest wrestler.

In that sense, the manufacturing industry in Japan is subject to free competition, the closest to this professional wrestling style. Next comes distributive industry, though its selection may draw some controversy. Transportation and construction industries are rather restricted, and education and medical treatment industries are restricted nearly 100 percent. Unless free competition applies to these fields, Japan's the high-cost society will not be corrected.

[Hashimoto] Basically, you are right. But I cannot agree with you in one point among the many you pointed out, that medical treatment should be subject to completely free competition.

[Sakaiya] It is understandable for the former health and welfare minister to say this. (laughter)

[Hashimoto] Certainly, Japanese systems of medical treatment and insurance embrace various problems. Despite this, I think the Japanese systems are the best, because they are not set up on the basis of the doctrine of savings at any cost.

For example, do you remember that former U.S. President Ronald Reagan was hospitalized for an operation for skin cancer? He was back home the next day after the operation. In fact, that is a very dangerous thing. For one or two days at least, the man operated on is under the influence of the medicines used, and a conscientious doctor would make the patient stay in the hospital for observation. However, U.S. medical insurance, managed by private firms not by the state, is run on a system of fixed fees. In other words, a man is diagnosed with skin cancer, his medical treatment fee is determined to be a certain amount. So, medical institutions can make money if the expenses to be incurred by hospitalization can be saved. And the patient is allowed to go home. I really would not like to follow such an example.

[Sakaiya] In either the case of education or medical treatment, attempts to ease the present restrictions are often refuted by extremely bad examples. Education Ministry officials, when told to liberalize education, will bring out the most extreme example that such and such U.S. junior high school in Brooklyn, New York, is in such and such a situation. I think there are many other intermediate examples. Japan's national health insurance, which you mentioned, is a very efficient system, so good that more people than the Japanese population are covered by it. But it has such evils as little effort being made to develop techniques to lower costs, because everything is covered by insurance.

Should Japanese Culture Be Destroyed or Inherited

[Hashimoto] I am not saying that everything is all right as it is. For instance, I think that the insurance point system that puts emphasis on the treatment of sickness should be corrected, because preventive medicine is neglected. A relationship of tension may be necessary between doctors and those insured.

What I have felt in the current debate for easing controls and restrictions is that sufficient attention should be paid to see what sort of side effects such actions may bring.

For example, controls and restrictions should be eased in the cultural field. And as you rightly said, this leads us to internationalization and standardization of the Anglo-Saxon style of competition. In that process, I think it is necessary to have such viewpoint as to how to maintain, develop, and pass on the culture and traditions peculiar to Japan during the next 50 years.

However, no administrative organization exists to deal with such problems. The Agency for Cultural Affairs has a very little budget for cultural affairs, as in the case of the Education Ministry.

Let me tell you an unbelievable story. Japanese china and porcelain are inherited as traditional art in many locales. But there are less than 10 pieces of china and porcelain designated as national treasures, according to my survey. It is due to the extremely small number of

specialists in china and porcelain, compared to those for swords in the Cultural Affairs Agency.

I have long advocated breaking up the Education Ministry's functions into two: educational studies and culture. Not simply dissecting the Cultural Affairs Agency from the Education Ministry, but upgrading it to the "Ministry of Culture," a mechanism to encourage the birth of professionals in culture by integrating the work of international cultural exchange programs currently under the jurisdiction of the Foreign Ministry.

Such an idea is very unpopular. It is criticized as going against the now popular administrative reform. Mass media criticize me as unenthusiastic about the abolition of special corporations, but I am merely having doubts about the simplistic idea of advocating that all special corporations be abolished. For example, there will be new areas of public administration that will be necessary for the development of local originality.

[Sakaiya] In the cultural field, I rather think that the Japanese should alter the aesthetic sense and ethics which they have held so far.

The past half a century is symbolized by a culture attempting to catch up with America. For that purpose, uniform education has been provided, and uniform regions are created to make mass production possible. Fifty years from now will become an era of an economically mature society and international megacompetition. To change either economics or politics in such an era, the underlying aesthetic sense and ethics cannot be left unchanged. In short, culture must change. This is an enormous reform and change. Probably, a big revolution such as was experienced during the Meiji Restoration may be required.

What Change Employment Must Experience

[Hashimoto] It is all right to have a great revolution. But society as a whole will have more burden to bear to support the weak, whose number is to increase. As a politician, I cannot agree with the thoughtless advocacy of easing controls and restrictions which is equivalent to saying it is all right to watch aspiring small and medium businesses go out of business in numbers and watching the unemployed swarming in the streets as the result of old businesses declining. I do not think drastic changes will ever last long if they compel a specific echelon of people to shoulder more burden in the long run.

From now on, Japan will become a gray-haired society. The gray-haired society requires so many human hands domestically. It is irrefutable that new employment will be created in that sector. More people than the Council on Industrial Structure has estimated are considered to be needed in medical treatment and welfare.

Processes may vary to make the new industry a source available to fill newly created employment demands.

I agree that the agricultural population will decrease, but I do not think that agriculture will vanish. Never. Rather, it is necessary to think about industrial distribution by taking into consideration how long agriculture can stay around.

[Sakaiya] Revolutionary changes will certainly be accompanied by damage or loss. It is important to prevent people feeling they have been made victims. For that purpose, it is imperative to take measures to expand new industries before scrapping others. In Japanese agriculture, the number of young farmers is gradually decreasing and these young people are taking up other jobs, fortunately without appealing they are victims.

The most important thing is that new industries are made interesting enough for them to engage in. But, these probable new industries are subjected to extremely severe restriction. For example, financing, communications, or TV broadcasting should be liberalized first and turned into industries where high wages can be earned and where successful workers can become personalities. It would be ideal to expand such industries first to enable them to absorb the surplus working force, and therefore allow waning industries to contract without providing the sense that there are winners and losers. Only in the fields of karaoke, games software, and animation, in which Japan currently leads the world, are there no restrictions and this is where the creative talents are concentrated.

[Hashimoto] I think the lifetime employment system will eventually have to undergo changes. But a large part of that system will remain an essential part of Japanese enterprises because of their peculiar characteristics. But outside the core of such enterprises are the "buffer-zone" personnel, who can be substituted by people from talent dispatching firms. This represents a very new industrial field.

[Sakaiya] Along with the form of employment, there should be changes in the way people are paid.

[Hashimoto] It will be changed anyway. Some people worry that the increase in the number of workers under such contracts will lower wages and divide workers into two categories. I do not think wages will automatically drop.

[Sakaiya] I find a number of business managers over the age of 80 changed their profession in the middle of their career. Japan in the past ranked first in the world in the rate at which workers changed job. This derived from the fact that businesses bought the ability rather than loyalty of workers. The problem with today's Japanese businesses is that they do not trust employees other than those they have had since the start of their careers. Businesses must change their way of thinking and employ people with special abilities, in the way that professional ball players, medical doctors, or lawyers are hired, at high salary for a set period, for example two

years to work out certain problems or complete a particular project. Without such a setup, the currently much talked-about multimedia will not develop in Japan.

The Posts and Telecommunications Ministry estimates demand for multimedia will amount to 123 trillion yen, on the assumption that the next generation, who will inherit housing on which any loans have been repaid, may be able to spend 100,000 yen a month on new media which previously had been set aside for housing loan repayments. However, Japan currently lacks the ability to supply and the manpower to create services interesting enough to attract money. Unless Japan changes its Japanese-style system of lifetime employment of unspecialized workers staff at the core to one in which specialists are hired at high cost and wages, we cannot expect creative talent to emerge.

On the Ministry of International Trade and Industry

[Hashimoto] I am still fresh to MITI and not well versed in its structure, but I find it a very interesting government office, contrary to my expectation. MITI has been doing comparatively good work, but then its stops and fails to build on it. For example, MITI is in contact with other government agencies and is taking steps to develop medical instruments, welfare, and environmental protection. But the ministry is unskilled at publicizing its own efforts and at coordinating them. They are problems that currently confront MITI.

[Sakaiya] MITI, although greatly misunderstood, is the only Japanese Government agency that makes free competition a precondition. Other government offices do not.

[Hashimoto] I do not think so. Now and then, MITI restricts free competition.

[Sakaiya] Such restrictions are, in fact, applied with free competition prescribed as a precondition. Other government agencies ease restrictions with controls set up as preconditions, or adopt private management derived originally from the idea of direct government management. The ministries of construction and transportation are generally restriction-oriented. The ministries of education and posts and telecommunications embrace the idea of gradually liberalizing their direct management to allow greater involvement of the private sector. Against that, MITI takes exceptional control measures while supporting free competition. That is why it stands out.

[Hashimoto] (Smiling) Well, I do not think MITI was regarded as such when you were there. For young salary earners, MITI has been a dreadful agency at which to submit papers.

[Sakaiya] I agree with that, the biggest shortcomings on the part of bureaucrats, is that they are not aware of the fact that the people do not like to come into contact with government agencies.

[Hashimoto] When I was a salary earner, I used to take three deep breaths before entering the MITI building to submit documents. And before entering an office from the corridor, I would take another three deep breaths before pushing the door open. Do you know how long it takes for the document to be processed?

It was by no means rare that documents took two to three weeks before reaching sub-section chiefs from the clerk at the window where they had been submitted. It took a month for sure from the sub-section chief to an assistant to the section chief. From there to a section chief it took another three months.

The situation has now drastically changed. But the time taken has not been reduced by as much as MITI bureaucrats presume.

[Sakaiya] The biggest defects of Japanese Government agencies, including MITI, are the amount of time they waste and the inefficient way in which they handle matters. In 1992, I worked in the World Fair Japanese pavilion project at Seville. I was surprised to find that the document on the general competitive bidding for the pavilion contained 457 articles and it was produced in two weeks. Were it in Japan, it would have taken two years before bidding documents were completed and things are getting worse since I worked for the ministry.

Era of Machiavellianism

[Hashimoto] The coalition government of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger] was very unpopular at its inception. Despite this, the government can be praised doing a comparatively good job.

In a sense, it is natural because the world has completely changed since then. Antagonism between the LDP and the SDPJ had a meaning when the world was divided into the two big camps of East and West. But that foundation has gone completely and the next framework is still undecided, which in theory allows any political party to form any type of coalition. It is rather difficult, however, to overcome sentiment.

[Sakaiya] The world is now entering a period of large-scale competition, a time of great change and an atmosphere, therefore, similar to one which was marked by alliances and the Machiavellianism of Otto von Bismarck. At such times, those who use previously unconsidered means can achieve victory.

In the latest nomination of candidates for the post of prime minister, Shinseito (Japan Renewal Party) produced its surprise candidate Toshiki Kaifu, but the LDP won the race with its use of such an unlikely tactic as naming as its candidate the leader of the SDPJ—Tomiichi Murayama. Such tricks leave a negative impression, but what matters here is how they broke the conventional ideas, which is not necessarily bad.

When wars were fought using swords and spears, Nobunaga Oda (1534-82) added the previously unused rifle and defeated Katsuyori Takeda (1546-82). That was an improvement.

[Hashimoto] I am annoyed to see continuing confusion, and I want to have at least two pivots that constitute opposing axes. But those pivots have not yet been determined.

[Sakaiya] Where should such confronting axes be positioned? The LDP's post-World War II policies can be summarized as following U.S. policy externally and protecting suppliers domestically. As post-war features, they coexisted during the days of the Cold War. Not any more. On such issues as liberalization and deregulation, the debates have come down to such extreme points as deciding numerical targets.

In such circumstances, all political parties have it both ways, urging continued support for suppliers while at the same time urging cooperation with the United States and liberalization. The majority of politicians might want to try to accomplish both policies. In other words, they want to protect suppliers with whom they are deeply involved and at the same time want to cooperate internationally in other fields. It is true that almost every journalist, manager, and scholar, as well as politician, does not know exactly what to do.

About 20 percent of them definitely want international cooperation and a total ban on protecting suppliers. Another approximately 20 percent profess their support for the protection of suppliers, with the knowledge that friction with trade partners will inevitably follow. The remaining 60 percent are at a loss, wanting both objectives to be met.

[Hashimoto] I have some problems of my own upon which I am not quite decided what to do.

[Sakaiya] As an individual, I am for the speedy reduction of protection for suppliers of existing industries to prevent Japan from becoming isolated. To achieve this, we must find solutions to the problem of protecting the weak, and the problems involving local and central governments, their various procedures and processes. And such reforms require 10 years to complete.

Over the past 130 years, Japan has experienced three great revolutionary reforms, that is, the Meiji Restoration, the establishment of the Showa era military clique system, and the establishment of the post-war 1955 political order.

A survey of these reforms reveals that the first four years were spent destroying the old system and the next two to three years were used to find the direction of the new system. The final three to four years were spent firmly establishing industries, organizations and human resources which were to become the mainstream of the new system. The latest great reform started when the

Berlin Wall collapsed four years ago. I think that the time is ripe for the objectives to be made definite and clear.

[BUNGEI SHUNJU] What do you think about the change in the election system to single-member constituencies? Was it good or bad in making objectives clear and distinct?

[Sakaiya] Politics is no longer big business. Now political parties have to go to and ask would-be candidates to run in the election. Compared with the previous luxurious lists of candidates from which voters had to choose, are the smaller constituencies not reduced to providing a poor selection in comparison?

Do Not Let the People Down Over Democracy

[Hashimoto] We have dreams of our own. Under the multi-member constituency election system, someone could be elected by winning only 20 percent of vote. We could pursue our dreams then. Now an inevitable problem confronts us in whether we can pursue our dreams where only one member is to be elected.

[Sakaiya] On the heels of the end of World War I, the world underwent changes. At that time Japan was totally absorbed in political reform rather than thinking about the world. At the close of the Taisho era, Japan busied itself in formulating a big reform—universal suffrage. It was completed in 1925 and three years later in 1928 the first election was conducted to solidly establish a two-party system involving Minseito [Constitutional Democratic Party] and Seiyukai [Friends of Constitutional Government Party]. But the people were disappointed at the results the two-party system brought about. As a result, four years later the 15 May Incident [an attempted coup by young naval officers] occurred, rapidly hastening the decline of democracy.

Considering the present situation, however, it is still all right to raise an uproar about political reform, because you can excuse yourself that political reforms have not been accomplished. If they develop into a disillusionment with democracy, it could possibly end in extreme tragedy for Japan.

What worries me most about the single member constituency system is that candidates can resort to negative campaigns because it is easy to criticize a single opponent. Under the multi member constituency system, though, many candidates had to engage in self-publicity campaigns to be elected. I am afraid that the voters's faith in democracy may be weakened by the sight of such negative publicity.

[Hashimoto] But you must not forget that such a system was chosen by people.

[Sakaiya] Yes, yes.

[Hashimoto] Those, including me, who said that such a system had problems were branded "old guards" and criticized as unpardonable by the mass media.

[Sakaiya] I have constantly criticized the single-member constituency system, though I must say events have proved very interesting. Saburo Shiroyama's novel "Rakujitsu Moyu" [The Setting Sun Aglow] writes about the then Prime Minister Koki Hirota (1878-1948) having no way of stopping things he opposed. It illustrates that there can be a time when things happen despite the opposition of a prime minister.

Once a system has been decided on, nothing can be done except to wish that the government administers well. I think it is important now that politics do not disillusion people about democracy, and at the same time that the press nurtures a national feeling of support for it.

Initial Response to Hanshin Quake Detailed

OW0203133095 Tokyo BUNGEI SHUNJU in Japanese
Mar 95 pp 104-111

[Article by Iku Aso: "The Unwritten Story of 17 January: Reactions of the Prime Minister's Office"]

[FBIS Translated Text] The greatest single postwar natural disaster to befall Japan, the great Hanshin earthquake, struck at 0546 on 17 January. Prime Minister Murayama was first informed at 0700 when a private secretary awakened him in the Prime Minister's official residence. However, the prime minister was told only that, "A considerably large earthquake with a maximum magnitude of 6 has been recorded in the Hanshin area."

Prime Minister Tomiichi Murayama left the official residence before 0800. However, he departed not for his office but for the Hotel Okura. He headed for a breakfast with Katsuhiro Utada, honorary chairman of Ajinomoto Company, Inc. By the time Murayama arrived at the prime minister's offices it was 0919. Some four hours had passed since the earthquake. At this point, the prime minister told the press: "The casualty and damage figures seem to be climbing. We will have to consider setting up an emergency measures headquarters." However, the truth is that at this point, the prime minister's office was still nearly devoid of any information. At 0920, the prime minister went ahead with his regular monthly meeting for economic status reports from the bureaucracy just as scheduled.

At 0950, the National Police Agency issued the first concrete piece of information (bulletin) on the disaster, to wit: "22 dead, 222 injured." Five minutes later, a second bulletin announces: "223 buried alive in Hyogo Prefecture." Then, precisely at 1000, the Hyogo Prefecture governor [Toshitami Kaihara] issued a formal request to mobilize the Self-Defense Forces [SDF].

At this point, there are major misconceptions over what is and what is not true. Newspaper reports recount an announcement by Deputy Chief Cabinet Secretary Nobuo Ishihara that he pressed to have the SDF sent in at this point, but that is in no way true. At 1004, Prime Minister Murayama proceeded to his regular cabinet ministers conference.

"At that point, we still had no idea how big this disaster was," says one anonymous minister.

1039. Defense Agency [DA] Director General Tokuichiro Tamazawa and Chief Cabinet Secretary Kozo Igarashi arrived at the prime minister's offices to consult on disaster relief actions in response to the massive earthquake, but mobilization assignments for SDF units were never part of the conversation. Nor did the DA director general proffer any real information regarding the disaster zone at this meeting.

At 1105, the 21st Century Global Environment Forum convened. Then, at 1207, the prime minister proceeded to a conference of party heads with Deputy Prime Minister Yohei Kono and Finance Minister Masayoshi Takemura. Even at this late hour, Prime Minister Murayama merely faithfully adhered to nothing but his scheduled duties.

It has been reported that during the above meeting, when he read a memo from his private secretary that noted "Number of dead now exceeds 200," Prime Minister Murayama exclaimed aloud. This is not true. Neither then nor until some time afterwards, did the prime minister or any of his senior ministerial colleagues realize the disaster's actual extent or scale.

Says one member of the prime minister's secretariat: "Well into the afternoon, none of the ministries or agencies involved had issued a single concrete bit of information with the lone exception of the National Police Agency casualty reports. No one had any information indicating that an unprecedented, massive disaster had struck. Well into the afternoon, Finance Minister Takemura and Deputy Prime Minister Kono were glued to the TV screen as were most of the prime minister's staffers.

"While watching TV, Deputy Prime Minister Kono exclaimed aloud, 'this is a serious earthquake.' Finance Minister Takemura even lightheartedly observed: 'The Socialist Democratic Party of Japan [SDPJ] is undergoing some earthshaking events, looks like the same thing is happening there.' There was no real awareness in the prime minister's offices that this was a major crisis.

"At 1407, Finance Minister Takemura, Deputy Prime Minister Kono, and Cabinet Counselor Shingo Haketa entered the prime minister's personal office. The focus of conversation was the policy speech the prime minister was scheduled to present to the upcoming Diet session. It did not so much as cross anyone's mind to make the earthquake a central topic of the address."

Not only the ministers themselves but also the great majority of the prime minister's staff were devoid of any real perception of the staggering scale of the disaster; the only source of information was the TV. The prime minister's office had become an island isolated from information. It is also a point of fact that cloistered in his personal office, Prime Minister Murayama did not so

much as have his TV on. At this stage, the prime minister was probably the last person in Japan to know anything about the extent of the disaster.

The Truth Behind the Emergency News Conference

Soon the evening papers were being printed, and casualties had evidently reached 1,000. At 1520, the prime minister conferred with Kazuhito Fujiwara, the administrative vice minister for the National Land Agency [NLA]. After 1600, Prime Minister Murayama called a sudden news conference on the Hanshin earthquake.

However, this urgent news conference was actually thrown together at the last minute. The newspapers have showered acclaim on the prime minister's leadership, saying he took matters into his own hands and made his own decision, casting aside the advice of his staff to hold no news conference until after countermeasures were decided. However, the truth is the diametric opposite, for what Prime Minister Murayama actually directed his staff to do was to set the conference for the afternoon of 18 January, the following day.

So why was this conference so hastily convened? Former Deputy Prime Minister Masaharu Gotoda and two senior Liberal Democratic Party [LDP] officials put in personal phone calls to Murayama: "What are you doing? The prime minister has to go before the people as soon as possible to declare that everything possible will be done."

The reality is that Prime Minister Murayama fell silent, like a child roundly scolded by his parent, and then hastily ordered the news conference.

As set out earlier in these pages, it is true that the lack of information being passed on to the prime minister's offices from the ministries and agencies involved led to a real inability to accurately grasp the scope of the situation. However, as the supreme leader of a nation, the reality is also that there were numerous opportunities for real leadership to have come into play.

Kazuhiro Horikawa, who served in the Kaifu Cabinet as the prime minister's private secretary, has this to say: "The only analogy I can recall from those days would be the volcanic eruption of Unzen. It was already nighttime, but I immediately put in a call to the NLA and had the Disaster Prevention Bureau director general come directly to the offices and straight to Prime Minister Kaifu, who was already at his desk. This was because we felt there was a need to decide rapidly what measures the government would have to take. I also remember that we shot off arrows (directives) in quick succession to the DA and National Police Agency to provide information to us."

This last earthquake crisis included certain unfortunate circumstances for the prime minister's offices. In any such crisis, the role of receiving information from and passing directives to the agencies involved falls onto

someone like Horikawa, a member of the prime minister's personal secretariat who has been delegated from the National Police Agency.

However, in this case, the prime minister's private secretary Yoshiyuki Kaneshige was attending funeral services for his father at his family home in Kokura city, Fukuoka Prefecture.

Hearing the first news flashes, Kaneshige placed early dawn calls from his mobile phone in desperate attempts to garner information from the various ministries and agencies. There was little concrete information to be found. Despite this, he was able to provide Prime Minister Murayama in Tokyo with a general overview of the situation.

The issue here appears to be the inadequacies of the backup or alternative system. In the absence of Secretary Kaneshige, the secretary dispatched from the Finance Ministry to serve as secretary in charge of internal affairs automatically serves as the auxiliary disaster affairs officer.

"However, the reality is that [we] bureaucrats get a lot of our work done through personal connections. Any outsider secretary who has to work with the National Police Agency or DA begins and ends his conversations with mere formalities and there is little real information forthcoming. The effectiveness with which you can press or interact with those agencies is vastly disparate" (according to a former member of the private secretariat).

For these reasons, there is no evidence that the auxiliary disaster affairs officer made any decisive effort to garner information, nor did the prime minister or chief cabinet secretary issue any instructions to that effect.

As far as the DA goes, the chief cabinet secretary's private secretary, Osamu Nawata, called Naoaki Murata, director general of the Defense Policy Bureau, and others. Nawata also made several calls to the prime minister's private secretary delegated from the Finance Ministry. However, Nawata is only the private secretary to the chief cabinet secretary and not directly assigned to the prime minister; therefore, things failed to proceed with any real degree of smoothness.

In effect, the conditions of bitter isolation [from information] continued for some time with the National Police Agency memorandums relating the rising body counts constituting the only intelligence reaching the prime minister's desk.

To begin with, what the prime minister's offices required of the DA from the very start was not details of the disaster, but information on SDF mobilization. However, the prime minister's offices as a whole constituted an "island isolated from information." The reality is that there was only the passive inertia of waiting for information.

The First Earthquake Bulletins

The heads of all the ministries and agencies agree: "Had we some information at the start to indicate that this was an encompassing disaster, it is quite likely the government's responses would have been significantly different." If so, what was really happening with the highly vaunted array of bureaucracy?

Needless to say, the first organ in the government to grasp the earthquake's scope was obviously the Meteorological Agency. The first information bulletin on the earthquake, an urgent fax, was not transmitted from the Seismological and Volcanological Department to the NLA until nearly 20 minutes after the earthquake, at 0605.

This first information fax was transmitted to the NLA information dissemination officer. Despite the fancy title of "information dissemination officer," the post is actually manned by a civilian guard. The civilian guard used a computer automatic notification system to ring the home phones and beepers of all essential senior NLA staff for an emergency recall.

The [Home Affairs Ministry] Fire Defense Agency also received this bulletin on the earthquake by fax. However, the bulletin simply stated, "Magnitude 5 in Kyoto and environs," and said nothing about the earthquake's magnitude in Kobe or Awajishima.

0619, 33 minutes after the onslaught of the earthquake. The Meteorological Agency sent out a second information bulletin on the earthquake simultaneously to the NLA and Fire Defense Agency. In this, for the first time, is the information, "Magnitude 6 in Kobe and Awajishima." These first two bulletins were forwarded automatically to the NLA, the Fire Defense Agency, and the various TV stations, but not to the prime minister's office. Why not?

Here we come to the NLA's "Flow Chart of Meteorological and Disaster Information Dissemination (Update)," a top secret document distributed to the responsible officers of the ministries and agencies concerned on 24 January. According to this document, the NLA is responsible for briefing the prime minister's offices immediately following receipt of the first Meteorological Agency bulletin. It is also worth noting that the Basic Law on Disaster Relief Measures establishes a system whereby the NLA has primary responsibility for the collection and forwarding of all information from the various agencies and ministries to the cabinet secretariat.

However, absolutely no information reached Prime Minister Murayama. According to the top secret document, the NLA will report information on normal daily operations to the prime minister's offices via the prime minister's private secretary delegated from the Finance Ministry to be in charge of internal affairs. However, in any major disaster, this function is transferred to the prime minister's private secretary delegated from the National Police Agency or, alternatively, to the chief

cabinet secretary's private secretary. In addition, the document defines the timing for such information to be forwarded as "coincident with the immediate briefing of the NLA disaster relief officers (senior Disaster Prevention Bureau officers)." Thus, in this last situation, this should have happened at 0605, when Prime Minister Murayama was fast asleep in the official residence.

An individual who has served in the prime minister's secretariat made this comment: "This only proves that there was very little probability given to the likelihood of an earthquake in the Kansai region. Had the quake occurred in Kanto, the manual has set out a system whereby emergency notification will be made directly by the Meteorological Agency to the secretariat in the prime minister's offices. Unfortunately, for the Meteorological Agency, the great Hanshin earthquake was 'not in the manual'."

The Basic Law on Disaster Relief Measures designates the NLA as the office of primary responsibility in the event of an earthquake, with the Disaster Prevention Bureau as its spearhead. Moreover, as set out in the aforementioned top secret document, the NLA must first gather damage and casualty information from the Disaster Prevention Bureau and National Police Agency and pass this on to both the prime minister's and the chief cabinet secretary's secretariats. The NLA is also tasked with compiling and summarizing all the data from the various agencies and ministries, starting with the DA, and is responsible for reporting to the Prime Minister's Office.

However, all the officials of the DA, National Police Agency, Posts and Telecommunications Ministry, and the Transport Ministry and its Maritime Safety Agency who had direct access to information from the disaster zone, responded to [this author's] queries with: "The NLA never once asked for information, nor did it forward any information from other agencies or ministries."

In one government organization, a staff officer responsible for countermeasures said: "In reality, the NLA serves as nothing more than a liaison and coordinating organ for the other ministries and agencies. Its independent ability to collect information is nearly nil. Essentially, this mandate to act as coordinator has meant notifying ministries and agencies of the liaison conferences, as a PR method of spreading the word on the deep and abiding interest of the Prime Minister's Office; in the meetings, it merely chairs the proceedings. In this last crisis, we communicated and coordinated directly with the other agencies and ministries; for the most part, we were oblivious to the NLA's very existence."

This author had a look at the file held by one countermeasures officer in a ministry: It held not one piece of paper that originated with the NLA. This officer in charge of countermeasures smiled sourly as he acknowledged: "I seem to have inadvertently shown you how little actually came from the NLA."

Essentially, in acting as the office of primary responsibility, the NLA completely failed to function in the aftermath of the great Hanshin earthquake. What is set out in the top secret document discussed above is nothing more than letters written in sand.

Then, what did the NLA accomplish? It is true that its senior staff officers did report to their agency offices in the early dawn hours, but they were unable to make contact with the Hyogo Prefecture government or the Kobe city administration. This was because they were using NTT public circuits, which were, by that time, out of order.

Unbelievably, no emergency radio communication system links the NLA with the regional prefectoral governments. In the aftermath of this disaster, the NLA managed to borrow radios from the Disaster Prevention Bureau to serve as an emergency communications line to the regional governments only after the long passage of crucial time. However, for nearly an entire day, there was almost no information obtained.

This author has in his hands [a copy of] an internal document entitled, "Study on a Radio Network for Use in a National Level Disaster," dated 24 January and formulated by the Communications Office of the NLA Antidisaster Measures Operations Division. This document pointedly underscores the problem at the NLA: "The NLA disaster radio communications network serves to connect the ministry and agency offices in central Tokyo, but does not provide any means of communication with the regional governments."

Senior officers of other ministries and agencies smile ruefully at this. "It would be a bit harsh to censure the NLA over this. The NLA is a government arm saddled with nothing but inadequate systems. It would be more meaningful to recognize the irony in having such an agency act as the office of primary responsibility in case of disasters."

However, the deficiencies in the system of collecting and reporting information are not exclusively the NLA's. The Meteorological Agency operating manual stipulates only the NLA and the Disaster Prevention Bureau as recipients of their first stage notifications; the Prime Minister's Office is completely omitted from the information flow. Nor is that all. Neither the National Police Agency nor the DA is included in the information flow.

In the wake of the "first earthquake bulletin" at 0605 and the "second bulletin" at 0619, the Meteorological Agency issued a third bulletin at 0633, and a fourth at 0641, which were faxed as stipulated to the NLA and the Disaster Prevention Bureau but which were not forwarded to the prime minister's offices, the National Police Agency, nor the DA.

The Abandoned Videotape

In the event of a disaster, information from the disaster site is supposed to go first to the DA and the National Police Agency. What were the DA's reactions?

The first information to reach staff duty officers at the DA did not originate with the Meteorological Agency or the National Land Agency but came in the form of an emergency telephone call from the Central Command Post (CCP) located in the agency basement. Here, the information was in hand at 0600, even before the first news flashes on the earthquake were broadcast on TV.

The Ground SDF Army Headquarters for the Central Army in Itami, Hyogo Prefecture, which commands all [surface] divisions stationed in the Kinki district, immediately issued an emergency recall to all essential officers and personnel and entered first level alert status. Within the next 30 minutes, all units were put on recall, and the alert was upgraded to the highest possible condition of third level emergency status, which permits immediate rapid mobilization. In conjunction, two light OH-6 aerial reconnaissance helicopters assigned to the Central Japan Air SDF took to the air to cover the wide expanse from Awajishima to over the Kobe city limits.

There is one aspect of the flights of these helicopters that the DA has hushed up.

In the (27 January) House of Representatives Budget Committee summary interpellation, DA Director General Tamazawa stated: "The reconnaissance helicopters made visual confirmation (seen with the naked eye) of the disaster situation." This is not true. The reconnaissance helicopters personnel used a hand-held video-camera to vividly record the on-site situation.

Although not readily available to the public eye, the DA's internal newsletter, ASAGUMO (26 January issue), includes a clear reference to this:

"The helicopter pilots who had been sleeping at home, rushed to their unit. At 0630, the helicopters were brought out of their shelters. The sky was still dark. At 0714, the first OH-6 flight, Aircraft No. 234, headed for Awajishima near the quake epicenter. It carried Captain K and First Lieutenant M as pilot and co-pilot, and a communications specialist to take video shots. Captain K is a long-time veteran whose experience includes the JAL airplane crash and the Okushiri Island earthquake, but when he saw the number of black clouds rising into the skies above Kobe, he trembled as he thought, 'This one is really bad.'

"The helicopter stayed over the skies of Kobe and Awajishima's Hokutancho for an hour and a half, and communicated conditions by radio, exactly as they saw them, to the unit command post."

Normally, this videotape would have been a source of vital information. We can easily imagine that the visual images showing the massive extent of the damage could have resulted in a very different early course of action taken by the prime minister, the ministries, and agencies.

However, absolutely no on-site intelligence was transmitted from Central Army headquarters, serving as

forward command post, either to the Ground Staff Office in Tokyo or to the DA until after noon. Of course, this means that the [existence of the] videotape was never reported to the Ground Staff Office, much less to the DA.

The DA offered no details on conditions at the disaster site at the Interministerial Meeting on Disaster Relief (at which the agencies and ministries exchanged what casualty and damage information they did have) that convened at 1100 that same day. It did not even submit a paper.

What went wrong?

A Ground SDF officer said: "Upon return to base, the reconnaissance helicopter personnel laid the video-camera with its tape on his desk and proceeded to another area."

The videotape with its reams of vital information lay useless and abandoned for several hours. The officer continues: "In the event of a major disaster in the Kanto area, the visual images taken from an aerial reconnaissance helicopter are automatically transmitted via an image transmitter on the surface to the Central Command Post, a system that permits the command post commander to view disaster site conditions in real time. However, this system was not yet available in the Kansai district, making it necessary to courier the video by emergency aircraft."

In the end, the videotape was delivered to Tokyo after 1500 on 17 January. Had it been couriered earlier, the information it contained might have been communicated to the prime minister's offices. The Central Army verbally passed to Tokyo only unofficial bits of information such as "damage within Kobe city limits extensive. Transportation access problems to be expected."

"One Death"

The Maritime SDF also made mistakes. At 0811, an S-61 light reconnaissance plane lifted off from Tokushima Air Training Group; and at 1131, four reconnaissance spotter HSS aircraft [helicopters] flew from the Komatsu Air Patrol Squadron to the skies over the disaster zone in a picture-taking run.

"The Ichinomiya area of Awajishima is completely devastated," was one damage assessment they made. However, this was not sent to Tokyo that day.

Despite the announcement from the prime minister's offices that, "At an early stage, we were provided with information from the DA that indicated extensive damage," this is also not true. While the Central Army and Ground SDF did report to the DA, it was all unofficial and fragmented. Moreover, the truth is that even these bits and pieces were not reported to the prime minister's office. In fact, the Central Army Headquarters suffered a power blackout in the immediate aftermath of the quake, during which they were unable to even see

what was being broadcast on TV. Even as reports reached them over the radio, there were no visual images to help form direct impressions of the extent of damage.

The issue is, why did the Central Army Headquarters not provide Tokyo with any official reports?

"Amazingly enough, even the uniformed officers back at the Ground Staff Office were being quite empathetic with their colleagues at the local units. Saying it would affect morale, there was no strong pressure for any status reports. However, information [dissemination] is crucial even in the midst of an emergency. It boils down to the fact that the local units were in serious upheaval" (a member of the Ground Staff Office).

And how did the National Police Agency react?

The network of police precinct offices, neighborhood stations, and detached duty postings strewn throughout Hyogo Prefecture was to have functioned as an effective instrument for gathering information in the event of a disaster. And for a crisis management situation, the National Police Agency is equipped with a level of staff and equipment other ministries and agencies cannot even begin to approach.

However, on 17 January, the date of the earthquake, the National Police Agency's highly vaunted information gathering capabilities were mangled into shreds.

The NPA had set up its earthquake counteraction center headed by the Security Division chief quite early, by 0630, and issued orders to both the Osaka Police Headquarters and Hyogo Prefectural Police Headquarters to mobilize their riot police squads. The NPA maintains its own microcircuit communications network to communicate with the various regional and prefectural organs [police headquarters]. There are two primary circuits between the Tokai area and the Hanshin district, one of which runs through the mountains and a second underwater. These lines were unscathed in this last great earthquake and provided an unobstructed communications link.

On that date, not only were some police officers earthquake victims themselves and unable to quickly mobilize, but the officers on scene were overwhelmed by the devastation's unforeseen scope. The entire force was taken up with emergency relief work, and there was simply not the leeway to be making reports to the central authorities.

For these reasons, even several hours after the quake had struck, there was nothing that indicated to the NPA's Security Division that the earthquake had resulted in massive devastation. Senior NPA officials spent long anguished hours due to the information vacuum.

It also remains largely unknown that the Osaka Police Headquarters, Hyogo Prefectural Police Headquarters, and even the Tokushima Prefectural Police Headquarters sent up TV helicopters to fly over the area. TV

helicopters are observation helicopters with police officers operating videocameras to photograph the devastation scene. Nor were these tapes to reach the NPA on 17 January.

"In Tokyo, the TV helicopters would have transmitted directly to the NPA's fourth floor operations room and the duty officer would be able to view the damage from the real time images projected on the large screen. However, the system is not yet up and running in Kansai," said an NPA member.

For the NPA too, the great Hanshin earthquake was "not in the manual."

The officers who attended the Interministerial Liaison Meeting on Disaster Relief that convened at 1100, included representatives from some 22 ministries and agencies, of whom few had any real grasp of the extent of the disaster. The few organs that had enough information to put on paper were the Meteorological Agency, the Fire Defense Agency, the Natural Resources and Energy Agency, and the Posts and Telecommunications Ministry. The NPA and DA had barely enough information to pass on verbally.

This does not imply that things are alright if put on paper. After all, what the Fire Defense Agency put on paper was exactly the type of thing that makes you go "hmmm." Their assessment of damage and casualties reported, "1 death. 54 injured. 5 road sites damaged. 132 households without water. 210 households hit by power outage."

The Fire Defense Agency tried to explain this away with: "This is because we can report only those figures that we are sure are accurate." However, the statistic of "1 death" some five hours after the quake is considerably different from reality.

A representative from the chief cabinet secretary's office also attended the meeting. Of course he could not be expected to suddenly inform the prime minister of the "likelihood that an unprecedented disaster has struck" after hearing such a report from the Fire Defense Agency.

Supposedly, the Fire Defense Agency has three separate networks with which to communicate with local and regional governments: besides the emergency priority circuits for use in a disaster situation, it has a satellite communications network and the fire defense disaster prevention radio.

"The emergency priority circuits were usable during the aftermath of the disaster but the satellite communications network was off line from around 1000 to past 1300. And the fire defense disaster prevention radio network was not usable due to the local blackout" (Fire Defense Agency Disaster Prevention Division).

According to a Fire Defense Agency internal memorandum, not until four and one half hours after the quake

had struck, 1015, was a helicopter sent from the Fire Defense Bureau in a neighboring prefecture. And this came only as a result of Hyogo Prefecture's official request.

As has been seen in the preceding, Japan's highly vaunted bureaucratic systems needed an entire day before they had any grasp that this phenomenon was an unprecedented disaster.

It was for these reasons that the initial reactions of the entire government body were sluggish. However, they do not provide sufficient grounds for Prime Minister Murayama to be excused. Why did he never pass on any demands to his staff to quickly gather information?

The prime minister's responsibility should be fully and completely scrutinized, a responsibility he dismissed as "having acted to our fullest capabilities."

The greatest misfortune now borne by the people of Japan is to be ruled by a bureaucracy with its myriad of its exposed, led by a prime minister with no trace of leadership.

Murayama Administration's Support Rate Drops

OW0203085395 Tokyo *YOMIURI SHIMBUN* in Japanese 1 Mar 95 Morning Edition p 1

[FBIS Translated Text] On 25-26 February, *YOMIURI SHIMBUN* conducted a nationwide opinion poll on such matters as the trend in public support for the administration of Prime Minister Tomiichi Murayama. Results of the poll showed that the cabinet support rate dropped to 40.6 percent, down 0.2 percent from the previous month, while the non-support rate similarly dropped to 44 percent, down 0.7 percent. Thus, the administration's support rate still remains lower than the non-support rate. Regarding the support rate for individual political parties, the Liberal Democratic Party [LDP] garnered a 28-percent support rate, a 4-percentage point increase over the previous month, while the New Frontier Party's support rate increased by 2 percentage points to 12 percent, and that of the Social Democratic Party of Japan rose slightly to 8 percent. Meanwhile, 43 percent of the respondents said they "supported no particular party." This figure continues to remain high; it is the 10th consecutive month in which this figure has remained above 40 percent, since May 1994. However, the figure has dropped by 7 percentage points over last month when it exceeded 50 percent for the first time. This indicates that the public still holds some degree of expectation for politicians to deal with such issues as the great Hanshin earthquake restoration program.

Asked why they back the Murayama administration, 27 percent said, "the prime minister is reliable," while another 27 percent said, "it is better than past LDP administrations," and yet another 27 percent said, "it is better than a non-LDP coalition government." Non-supporters gave the following reasons for not backing the

Murayama administration: 1) it has done nothing noteworthy (36 percent of respondents); 2) its political stance cannot be commended (33 percent); and 3) it lacks stability (30 percent).

As to those aspects of the Murayama administration's policies not worthy of praise, "earthquake and disaster counter-measures" topped the list, being cited by 41 percent of the respondents. This percentage far surpassed that of respondents citing other items on the list. It further underscored strong public dissatisfaction with the government's slow response immediately following the great Hanshin earthquake.

Ozawa Hints at Policy Cooperation With LDP
*OW0103140795 Tokyo KYODO in English 1330 GMT
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—The secretary general of the opposition Shinshinto (New Frontier Party), Ichiro Ozawa, hinted Wednesday [1 March] the party could cooperate with the ruling Liberal Democratic Party (LDP) in tackling some policy issues such as administrative reform and establishment of a crisis management system.

Speaking at a press conference at the Diet building, Ozawa said a Shinshinto-LDP linkup might be possible with a view to "accomplishing at least this (particular issue) or that for the grand purpose of national interests."

Ozawa, however, dismissed any suggestion of forming an alliance with the LDP simply in order to return to power, saying, "it would be impossible to join together without a principle just for the sake of assuming power."

The LDP is a member of the tripartite coalition government, along with the Social Democratic Party (SDP) and New Party Sakigake.

MOF, BOJ Scramble for Bank Bailout Funds
*OW0203025795 Tokyo KYODO in English 0214 GMT
2 Mar 95*

[FBIS Transcribed Text] Tokyo, March 2 KYODO—The Ministry of Finance [MOF] and the Bank of Japan [BOJ] scrambled Thursday [2 March] to find temporary financing for a credit union bailout after Tokyo Assembly members balked at picking up their expected part of the burden, officials said.

Ruling party leaders of the Tokyo Metropolitan Assembly threw into doubt the central bank-led rescue by agreeing early Thursday to scrap a plan for 30 billion yen in low-interest loans for the rescue but to set the money aside for use at the discretion of the next Tokyo governor.

The ministry and central bank plan to seek bridging funds from the National Federation of Credit Cooperatives, to lobby the local government to reconsider the

measure and to appeal to private financial institutions to stick to their original plans to participate in the bailout of Tokyo Kyowa Credit Association and Anzen Credit Bank, officials said.

Publicly, authorities were optimistic.

"I don't think the assembly move will affect the scheme itself" for the two credit unions to be taken over March 20 by the specially instituted Tokyo Kyodou Bank, said Bank of Japan Governor Yasuo Matsushita. "We will properly do what we must do."

Finance Minister Masayoshi Takemura also asserted that the plan remains alive, and an official said the ministry does not interpret the assembly move as scrapping the bailout.

Nonetheless, there is no assurance that the next Tokyo governor, to be elected April 9, will disburse the 30 billion yen for Tokyo's part of the rescue burden, central government officials note.

And the ministry and central bank officials fear that private banks may back out of the rescue if they see the metropolitan government, which supervises the credit unions, as shirking its responsibility, officials said.

Takemura To Pursue Credit Union Bailout Plan
*OW0203034095 Tokyo KYODO in English 0317 GMT
2 Mar 95*

[FBIS Transcribed Text] Tokyo, March 2 KYODO—Finance Minister Masayoshi Takemura vowed Thursday [2 March] not to give up the bailout "scheme" for two bad loan-ridden credit unions despite a decision by Tokyo Metropolitan Assembly leaders to freeze a proposal to loan taxpayers' money to a special publicly funded bank that will absorb the pair.

Takemura made the pledge at the House of Councillors' Budget Committee in response to a question from Social Democratic Party (SDP) [of Japan—SDPJ] legislator Atsushi Akiyama. The SDP is one of the three-party ruling coalition.

Instead, Takemura urged the upcoming Tokyo Metropolitan Government, which will be formed after the April 9 gubernatorial poll, to "proceed in accordance with the tripartite agreement" to share the financial burden needed to bail out the pair.

The accord, which was struck in December among the Finance Ministry, the Bank of Japan and the Tokyo Metropolitan Government, calls for letting the newly formed Tokyo Kyodou Bank take over the assets and liabilities of the pair while urging the central bank to invest 20 billion yen, and the Tokyo Metropolitan Government to loan 30 billion yen. It also calls for private commercial banks to invest in and extend loans to the new bank.

"I regret the assembly's failure to approve of the proposal put forward by the Tokyo Metropolitan Government in line with the tripartite accord calling for the Finance Ministry, the Bank of Japan and the metropolitan government to take responsibility jointly for the bailout," Takemura said.

"The latest measures among the five political parties of the assembly will not affect the basic bailout scheme immediately," he said.

Underscoring the fact that numerous Japanese financial institutions carry the "scars of the bubble economy" as evidenced in trillions of yen in real estate-related bad loans, the minister said, "I am convinced that we have to prevent the nation's credit order from being disrupted" by possible failures of various institutions.

SDPJ Leaders To Back Takemura

OW0103161995 Tokyo KYODO in English 1434 GMT
1 Mar 95

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Prime Minister Tomiichi Murayama and five cabinet members from his Social Democratic Party (SDP [of Japan, SDPJ]) pledged Wednesday [1 March] to throw support behind Finance Minister Masayoshi Takemura, who is facing criticism for pushing a government-funded bailout plan for two troubled credit unions.

The SDP leaders, including Construction Minister Koken Nosaka, agreed there is nothing wrong with the rescue plan and that Takemura need not resign even if the plan is rejected by the Tokyo metropolitan government, party officials said.

The metropolitan government is supposed to provide 30 billion yen in low-interest loans to help bail out Tokyo Kyowa Credit Association and Anzen Credit Bank under the plan that also calls for funding by the Bank of Japan and private banks.

But some members of the ruling coalition in the metropolitan government have voiced objection to using taxpayers' money in the rescue operation for the two credit unions, raising the prospect of the metropolitan assembly rejecting the plan.

The credit unions have been saddled with massive uncollectable loans to companies owned by or closely linked with their former presidents.

The unions' management has filed criminal charges against the former presidents for breach of trust.

NFP Seeks To 'Tar' Takemura

OW0203040495 Tokyo KYODO in English 0319 GMT
2 Mar 95

[FBIS Transcribed Text] Tokyo, March 2 KYODO—Lead opposition bloc Shinshinto (New Frontier Party) sought Thursday [2 March] to tar Finance Minister

Masayoshi Takemura with what it branded a failed attempt to bail out two credit unions.

A decision in the wee hours Thursday by Tokyo Assembly members to put their part in the bailout on hold "is essentially a rejection" of the central government's plan, said Takenori Kanzaki, head of Shinshinto's Diet Steering Committee.

"The precondition for the plan of the Finance Ministry and Bank of Japan has crumbled," Kanzaki told a news conference.

Shinshinto will probe details and background of the plan to rescue bad debt-swamped Tokyo Kyowa Credit Association and Anzen Credit Bank and then "debate the manner of assigning responsibility," Kanzaki said in what is seen as an escalating drive to hound coalition members for their role in the plan.

Kanzaki also blasted government efforts to link the previous coalition government to the December failure of the two credit unions, saying the current coalition is trying to "shirk its responsibility."

Assembly Leaders Agree To Freeze Bailout Plan

OW0203010795 Tokyo KYODO in English 0010 GMT
2 Mar 95

[FBIS Transcribed Text] Tokyo, March 2 KYODO—The leaders of ruling political parties at the Tokyo Metropolitan Assembly reached a compromise early Thursday [2 March] to put on hold a 30 billion yen bailout plan for two bad loan-saddled credit unions and leave the final decision to the new Tokyo governor to be elected in an April 9 poll.

The agreement came just hours before two standing committees of the assembly are to vote on the controversial rescue plan, which costs the local government 30 billion yen loans with an interest rate of 1 percent per annum.

Under the compromise, the parties are to jointly submit to the committees an amendment to delete from a supplementary budget bill the 30 billion yen in loans to a special bank to take over the liabilities of Tokyo Kyowa Credit Association and Anzen Credit Bank, the leaders said. The supplementary budget bill is to be voted on during Thursday's Assembly Committee session.

However, the party leaders also agreed to set aside the same amount in a special fiscal reserve fund so that the new governor may order its disbursement for the bailout on his own responsibility, they said.

The leaders who struck the eleventh-hour compromise are from the Liberal Democratic Party, the Social Democratic Party, Komei, Shinshinto (New Frontier Party) and the Democratic Socialist Party.

They also decided to ditch a substitute bailout plan calling for the metropolitan government to immediately

channel the rescue funds through an existing organization to help stabilize the management of credit unions, the legislators said.

The two Tokyo-based credit unions went bankrupt in December with huge debts resulting from unrestrained lending to real estate developers and others.

Finance Minister Masayoshi Takemura has appealed to the assembly to adopt the rescue plan, saying the credit unions' failures would otherwise disrupt the nation's financial system.

Under the bailout plan, in which the Bank of Japan would also use public funds to help the credit unions, the assets and liabilities left by the credit unions will be handed over later this month to Tokyo Kyodou Bank, which was inaugurated in January.

Assembly's Action Puts Plan in Doubt

OW0203023395 Tokyo KYODO in English 0150 GMT
2 Mar 95

[FBIS Transcribed Text] Tokyo, March 2 KYODO—A national government plan to bail out two failed credit unions, described as essential to the stability of Japan's financial system, was thrown into doubt Thursday [2 March] when the Tokyo Metropolitan Assembly balked at picking up the burden.

Ruling party leaders in the Tokyo Metropolitan Assembly iced a plan for the local government to provide 30 billion yen in low-interest loans to the two Tokyo-based institutions as part of a rescue plan cobbled together by the Bank of Japan and the Finance Ministry.

Finance Minister Masayoshi Takemura, who has called the rescue essential to Japan's financial stability, said Thursday the plan was still alive to rescue bad debt-saddled Tokyo Kyowa Credit Association and Anzen Credit Bank. "It is vital to avoid causing insecurity in the financial system," he told reporters.

The bailout, in the form of a special bank to take over the liabilities of the credit unions, which went broken with unrestrained lending to real estate developers, would mark the first time the central bank has stepped in to save a financial institution since the 1965 rescue of Yamaichi Securities Co.

Some have criticized the plan, speculating politicians may have influenced the bailout.

But the fate of the plan, which requires financing from the Bank of Japan, private institutions, and the metropolitan government which supervises the two credit unions, was in doubt after the local assembly leaders reached a wee-hours agreement to delete the 30 billion yen in 15-year loans, at 1 percent a year, from a fiscal 1994 supplementary budget.

Local leaders of the Liberal Democratic Party, the Social Democratic Party, Komei, Shinshinto (New Frontier

Party) and the Democratic Socialist Party told a news conference they agreed instead on a compromise to set aside 30 billion yen in a special fund that can be tapped by the next Tokyo governor, to be elected April 9.

The parties will jointly submit the plan to the assembly's committee on public health, labor and economic affairs and the committee on finance and taxation, which are to vote Thursday afternoon, and its passage by the full assembly next Thursday is assured.

The central bank-led bailout calls for the two credit unions to be taken over later this month by Tokyo Kyodou Bank, which was inaugurated in January.

Last week, the credit unions filed criminal complaints with public prosecutors and police against their former presidents on suspicion of breach of trust over allegedly illegal loans.

They accused Harunori Takahashi, 49, former president of Tokyo Kyowa, and Shinsuke Suzuki, 46, former president of Anzen, of damaging them by extending illegal loans without sufficient security.

The metropolitan government says the two institutions are saddled with 110 billion yen in unrecoverable loans, including 44.8 billion yen to a company run by Takahashi and 53.5 billion yen to a company with close links with Suzuki.

The House of Representatives Budget Committee also agreed last week to call Takahashi and Suzuki to testify over their suspected roles in allegedly illegal loans.

The Diet questioning will focus on the allegedly reckless lending of the two credit unions and the reported cozy relations between the two executives and senior officials at the Finance Ministry, according to Diet sources.

Article Views Decline of Financial Industry

952A0331A Tokyo KINYU ZAISEI JIJO in Japanese
2-9 Jan 95 pp 46-50

[Article by Masando Ikeo, Keio University assistant professor of economics]

[FBIS Translated Text] Results of Primary Data

The debate over the hollowing out of the finance industry has been heated but not very substantive. It is not clear, for example, whether it actually poses much of a problem.

The finance industry employs an insignificant number of people compared to the automotive industry. Its influence on the employment picture is incommensurably small. If financial trading were sharply curtailed, it would produce problems for industry. However, if Euro-market exchange rates were liberalized, one could conceivably argue that the inability to trade domestically would not pose much of a problem. Japanese industry is under no obligation to do business with Japanese financial institutions. Therefore, even if the finance industry

is hollowing out, it is difficult to convince anyone outside the finance industry that there is much of a problem.

If there were such a problem, one could reasonably expect an influx of primary data confirming its existence. In the case of our status as a financial center, we can anticipate corroborating data. But in all other cases, we have not been able to anticipate any primary data. Some secondary data has been compiled, but that depends on how it is processed.

The seriousness of the problem portrayed by the data comes down to an issue of choice. From this wealth of information, should we opt for the fast-paced city or the easygoing countryside? In other words, it should be viewed as a issue of how we want to do business as a nation.

Therefore, if we favor the countryside no counterargument will prevail. Compared to the hollowing out of manufacturing, which has a direct impact on employment, this problem may be considered insignificant. As a result, it may be allowed to run its own course. The process may then accelerate.

Sign of Failure To Boost Economy

Cutting-edge industries cannot remain so indefinitely. Industries that were once state-of-the-art gradually become producers of standardized products. When such industries leave Japan, it is considered progress and part of the result of internationalization.

So why do we question the hollowing out of manufacturing industries? It is their fate to move overseas. Today, mature industries are undergoing transformation, while the next generation of cutting-edge industries has yet to emerge. As has often been said, Japan and East Asia have developed in the pattern of a formation of flying geese. The offshore relocation of industries is an economic phenomenon that has been going on for a long time now. However, in a formation of flying geese, each one is only a single stroke of the wings behind the one preceding it. Even the leader has geese one stroke behind it. This is the greatest problem with the hollowing out of industries.

What industries will carry the next generation forward? This cannot be imagined concretely, and is one reason why the long-term outlook for the Japanese economy has become shrouded in darkness. However, in an abstract sense, they will probably be information-based, knowledge-intensive industries. In other words, our primary concern is how to develop an economic system that will foster these industries. If such a system does not develop, then the Japanese economy will almost certainly enter into long-term decline.

The finance industry itself is not necessarily at the heart of the information industries that will carry the next generation forward. However, in a certain sense, the finance industry is an information industry, and the

welfare of the finance industry is an indicator of whether information-based, knowledge-intensive industries will be able to thrive in the Japanese economic system. If the finance industry withers away, then information industries it resembles may fare no better. This means the hollowing out of the finance industry may be more a symptom of serious problems than a serious problem itself.

If this is true, then people outside of the financial community should not close their eyes to this problem. The hollowing out of the finance industry may be a sign of our inability to make decisive improvements in order to assure economic vitality into the next era.

Hollowing Out or Globalization?

I would like to see the debate over the hollowing out of the finance industry move away from the standpoint that it is an isolated problem. If it is viewed instead as an indicator of a great threat to the future of the Japanese economy, it may lead to unified action and hasten a solution. Therefore, in order to change the terms of the debate, let me cite five widely accepted phenomena: 1) The number of Japanese shares traded in London is increasing; 2) futures trading has moved to East Asia; 3) bond trading has shifted to the Euromarket; 4) 'Samurai' bonds have been downgraded to junk-bond ratings; and 5) foreign banks and securities firms have curtailed their operations in Tokyo. While they may not all indicate hollowing out, they certainly do raise doubts. That is because the essence of the problem depends on what is causing these phenomena. The confusion of hollowing out with internationalization has occurred because a substantive theory has not yet been put forth.

Why, for example, has trading in Japanese stocks and bonds increased on SEAQ [Stock Exchange Automated Quotation] International in London? If it is because of the time difference between London and Tokyo, it would be perfectly natural to want to buy and sell in response to moment-by-moment changes in the market. This is not hollowing out; it should be regarded as a positive example of increasing internationalization. However, if it is artificially caused by the high cost of brokerage fees or the complexity of large-volume sales on the Tokyo Stock Exchange, then it should be regarded as an example of the hollowing out of the finance industry.

The shift of futures trading to SIMEX [Singapore International Monetary Exchange] is unmistakably a product of the hollowing out of the finance industry. After the sharp decline in share trading in 1990, futures traders were singled out as scapegoats by investigators. Regulations on the Osaka Stock Exchange were also tightened, despite the delicate relationship between the Tokyo and Osaka markets. As a result, futures trading fled to SIMEX.

Bill Comes Due for 1940's System

While these examples have surfaced, the much more serious and less conspicuous problems beneath the surface have become progressively worse. The realization

that Japanese financial institutions are gradually losing their competitiveness, not the hollowing out of the industry, is the real crisis in the finance industry.

Recently, many have referred to the Japanese economic system as the 1940 system. According to this argument, the Japanese government adopted a command economy during World War II to prepare for total war. Many of these institutions and procedures survived the wave of postwar reforms relatively unscathed.

The postwar Japanese economy projected the image of having broken with the past, but in actual fact did not do so. While some things were reformed, other things remained the same. The finance industry, in many respects, remained loyal to the 1940 system.

During the Meiji period, for example, stocks and bonds were issued relatively freely. Companies often received financing from banks that was secured by stocks and bonds. While these can be viewed as modified bank loans, financing was readily available through the markets. Under the wartime system, this practice was scrapped in order to control the supply of manufacturing capital. This control of capital was at the heart of the postwar financial system.

Under the wartime system, financial institutions, including all major banks, were assigned to manage the flow of capital to large corporations involved in the war effort. This system was abolished after the war, but the linkages survived into the postwar period.

The recent decline in competitiveness may be the bill coming due for failing to reform this system. If this is true, the problem is grave. Because it has remained unchanged for half a century, huge numbers of people have a vested interest in its continuation. Will we be able to disregard these people and bring fundamental change to a system that has been in place for sixty years? One cannot help being rather pessimistic.

Vested Interests Prevent Reform

One does not have to go very far back in the postwar period to find the single biggest negative influence on the current predicament. It is the resistance to the securitization of the financial system in the latter half of the eighties. The bill of this failure to act has now come due.

For example, the agreement ten years ago between the United States and Japan to allow the yen to appreciate against the dollar should have encouraged the securitization of the financial system. If the capital markets had been encouraged to develop and institutions allowed to adopt foreign securities products, the Japanese financial system almost certainly had gained the experience necessary to manage its current bad credit problems more smoothly. Only now, after the explosive growth in bad credit, there are calls to securitize these unproductive assets. But we have not laid the proper foundation for doing so.

Because they laid this foundation during a prosperous period, U.S. financial institutions have been able to manage their bad assets through securitization. Beginning with good, easy-to-manage assets, U.S. financial institutions and investment houses gradually accumulated expertise in securitization. Later, they were able to securitize bad, difficult-to-manage assets with great skill.

The abortive nature of financial system reforms are partly to blame for the current loss of competitiveness. We have wasted six years in a debate over financial reforms. Many observers predicted long ago that our financial system would experience great difficulties if it failed to conform to international standards. Despite these predictions, we remained locked in our regular turf battles.

We are currently experiencing those long anticipated difficulties, yet have slid into a simple-minded, long-term debate over how to accommodate various interests. Inexplicably, we act as though the bill has not come due.

Too Many Financial Institutions

If we continue to act this way, one cannot help being pessimistic about the future of the Japanese finance industry. In the long run, things will only deteriorate further. The awareness of the need for drastic reform will become more widespread, inevitably generating a reaction. What kind of reform measures will be enacted then? First, the interconnectedness between overcapacity in the Japanese finance industry and deregulation will clearly emerge as a problem.

Manufacturing industries which had been protected by regulations have been forced to improve efficiency and productivity because of deregulation. But demand for manufactured goods remains the same. Therefore, greater efficiency takes place while demand remains constant. It is inevitable then that some businesses fail. However, prices often fall because of productivity improvements and the quality of service improves. If demand increases, employment recovers. The effect of deregulation on employment is similar to the J-curve effect on the international balance of payments.

When deregulation occurs in the finance industry, there will be a surplus of financial institutions. Those that become redundant will have to be eliminated. Because this is inevitable, the prospects for the near future are not bright. How can the finance industry be slimmed down? It is easy to say but difficult to do. However, if it is not done, it is difficult to imagine prospects brightening.

Each Firm on Its Own Now

Another problem concerns capital markets. In order to establish truly proper capital markets, share prices have to come down drastically. Or, if we try to maintain share prices at current levels, we will have to change the public policy on issuing company dividends.

Shares are issued at market price, but because government policy states that dividends must be paid according to book value, the capital markets have not developed in an honest, straight-forward manner. Consequently, if Japanese business is to continue this dividend policy, the cash flow will have to be strictly appraised by market share prices. The average share price will then have to fall to the 4000 to 5000 yen level.

Because the fundamental value of share prices has not been corrected, and surplus capacity in the finance industry has not been eliminated, the financial system has not been reformed in the truest sense.

The Japanese bond market, moreover, has become extremely soft when it comes to risk pricing. Companies with high ratings look to the Euromarket to issue bonds, while companies with low ratings look to the Tokyo market. This is because pricing on the Tokyo market is relatively expensive for a company with a high bond rating and relatively inexpensive for a company with a poor bond rating.

The difference in risk assessment can be blamed on the Japanese practice of making sure all institutions profit. This practice encourages the issue of low-grade bonds. Continuing this enormously costly service makes sound market growth impossible.

Making sure that all financial institutions profit is a tradition in our nation's finance industry. Capital is pooled in order to create excess profit. The government policies dictating low interest rates and 'convoy system' administration, generally speaking, are rational. However, the justification for these policies has collapsed, and the necessity for considering a philosophy of allowing institutions to profit individually has gradually risen. The world of derivatives has made this necessity most acute. Japanese financial institutions are weak when it comes to derivatives, and this is thought to be caused by the structure of our financial system.

Degree of Alarm Dictates Course

Finally, concerning tax and accounting systems for financial transactions, if we want Tokyo to become an international financial center, we must adopt an infrastructure and rules worthy of an international financial center. Tokyo will not become a truly international financial center until this happens.

The reality of the situation is that we have not been able to come to terms with the fact that what we once had is now gone. This is the real problem, not that the finance industry is hollowing out.

In the broadest sense, the problem encompasses all aspects of the infrastructure, rules, and business practices of the Tokyo market. The degree of alarm among members of the finance industry will determine our future course. If the degree of alarm is not acute, we will have unconsciously chosen the easygoing life of the country (i.e., a local market) over that of a financial

center. However, the great fear is that this choice may have undesirable consequences for the national economy.

North Korea

'Military Provocations' of ROK 'Puppets' Noted

SK0203051695 Pyongyang KCNA in English 0447
GMT 2 Mar 95

[("Ceaseless Military Provocations in DMZ"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—The South Korean puppets on February 27 brought 90mm recoilless guns, 12.7mm machine guns and military vehicles carrying hundreds of armed bandits and ammunition boxes into different places in the Demilitarized Zone (DMZ) of the central and western sectors of the front, threatening soldiers at civil police posts of the North side, according to military sources.

In February alone, they illegally brought into the DMZ more than 20 heavy weapons, 8,500 armed bandits and 3,400 military vehicles.

The Kim Jong-sam fascist clique must stop running wild, deeply aware of the grave consequences to be entailed by the increasing tension in the DMZ.

'Reckless Provocative Moves' of ROK Condemned

SK0203060795 Pyongyang KCNA in English 0502
GMT 2 Mar 95

[("War Exercises in Forefront Areas"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—The South Korean puppets deployed more than a hundred armed bandits of the puppet army and a 105mm artillery group in the forefront areas of the western and central sectors of the front from February 20 to 28 and let them frantically fire more than 800 shells and 2,200 12.7mm large-calibre machinegun and automatic rifle bullets near the Demilitarized Zone along the Military Demarcation Line, seriously getting on the nerves of the North side, according to military sources.

Armed bandits mobilized in war exercises in forefront areas ranging from the eastern sector of the front to the western sector from February 20 to 28 numbered more than 42,000, helicopter gunboats over 60, military vehicles loaded with lethal equipment over 6,000 over 7,550 and shells and bullets were fired.

The soldiers of the Korean People's Army are sharply watching the reckless provocative moves of the Kim Jong-sam group which is bringing the situation to a serious phase, frantically staging war exercises under their eyes.

ROK's Nuclear Plans for Kulop Island Denounced
SK0203060895 Pyongyang KCNA in English 0512
GMT 2 Mar 95

[“Criminal Act Challenging Demand of Home and Foreign People”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—The South Korean puppets have worked out a plan for the development of the areas of radioactive waste controlling facilities, according to which they scheme to build a facility for a permanent storage of 100,000 drums of radioactive waste on Kulop Islet and set up a research establishment on Tokjok Islet, thus completely turning the area of Kulop Islet into a nuclear waste dumping ground.

MINJU CHOSON today denounces the projected building of a nuclear waste dump on Kulop Islet as a criminal act greatly threatening the lives of the coastal population of South Korea and the northern half of the country and destroying environment by reducing the West Sea of Korea to a sea of death and an intolerable provocative act of escalating North-South confrontation.

Noting that the criminal plan of the puppets has invited a scathing denunciation from the people in the North and the South of Korea and many countries, the news analyst says:

The Kim Yong-sam clique, however, officially confirmed the Kulop Islet as a nuclear waste dump, ignoring the just demand of the people at home and abroad. This proves that they are despicable traitors rare to be seen, who are bent on inflicting immeasurable miseries and sufferings on the nation.

We will never be an onlooker to the South Korean puppets' anti-national and provocative project of the Kulop Islet nuclear waste dump which will create an irrevocable danger to the existence of the whole nation and aggravate North-South confrontation.

The Kim Yong-sam group must clearly see the resolute stand and will of the North and unconditionally give up the criminal project.

Foreign Press Cited on ROK's Public Debt
SK2802152295 Pyongyang KCNA in English 1508
GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The Italian paper CORRIERE DELLA SERA recently reported that the International Monetary Fund, making public the biggest debtor nations in the world in 1993, pointed at the South Korean puppets as most heavily in debt in the world.

The Tanzanian paper DAILY on February 15 reported that the total foreign debts of South Korea ran into 54.018 billion dollars in November 1994.

The paper also said that, with the grain output falling every year in South Korea, it is no more than 30 percent of the consumption and the import of grain is on the steady increase.

ROK Said Not Disclosing U.S. Soldiers' Crimes

SK0103030595 Pyongyang Korean Central Broadcasting Network in Korean 2212 GMT 28 Feb 95

[FBIS Translated Text] According to Seoul radio, the puppet clique ordered the police not to disclose U.S. criminal atrocities [pomjoejok manhaeng] to the public. In an order distributed to police stations and branch offices throughout South Korea, the puppet clique stressed that crimes involving U.S. soldiers must not be revealed, and that if it is necessary to make them public, they must receive approval from the U.S. Army. In addition, the puppet clique made it clear not to inquire into or reveal the motives of these crimes.

This is another intolerable, flunkeyist, and nation-selling act by the Kim Yong-sam ring; it is stirring up public indignation within a broad range of the popular masses.

Regarding crimes involving U.S. soldiers, which have been increasing in recent years, the people's voices demanding heavy punishment for those criminals, and demanding a revision of the unequal administrative treaty between the United States and South Korea, is ever increasing in South Korea.

Nevertheless, protecting U.S. soldier criminals while ignoring these demands, the traitorous Kim Yong-sam clique has again clearly revealed its loathsome nature as the top flunkey nation-seller group exceeding all previous South Korean rulers.

Paper Lauds Reunification Efforts of Pomminnyon
SK0103045195 Pyongyang KCNA in English 0444
GMT 1 Mar 95

[“Precious Achievement of Pro-Reunification Forces”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The formation of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) is a proud fruition of patriotism and indomitable fighting spirit of those concerned with Pomminnyon in the south, and it is a precious common achievement made by all the pro-reunification patriotic forces at home and abroad who had given every possible support to it, declares NODONG SINMUN in a commentary today.

Noting that with the formation of the South side headquarters on February 25, Pomminnyon came to have its organizational foundation for further expanding and developing the reunification movement on a nationwide scale, the news analyst says:

The reunification of the country cannot be achieved by the efforts of one side, the North or the South. It is possible only when the forces of all the fellow countrymen desirous of it are united into one.

The great unity of the nation is more urgent today when the anti-reunification separatist forces within and without are laying ever higher hurdles in the way of national reconciliation and unity and reunification and making desperate efforts to stifle the pro-reunification patriotic and democratic forces in South Korea.

The will of the 70 million fellow countrymen to reunify the country within the present century at any cost by the united efforts of the entire nation is unshakable and no force can block the powerful march of the nation towards reunification.

The paper expresses the belief that the South side headquarters of Pomminnyon will surely make great achievements in its patriotic activities to check and frustrate the anti-reunification moves of the separatist forces and achieve the harmony and unity of the nation and the reunification of the country.

ROK Keeps Silent on 'Declaration of Conscience'

SK0203084195 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 1 Mar 95

[Commentary by Kim Ho-sam: "Why Do They Keep Silent?"]

[FBIS Translated Text] As was already reported, on 23 February, Kim Hui-won, former chairman of the Kangwon Provincial Committee of the Reunification Democratic Party and member of the Central Standing Committee of the Democratic Liberal Party [DLP] of South Korea, made a declaration of conscience. In his declaration of conscience he uncovered in full suspected irregularities about traitor Kim Yong-sam's political activities as a political prostitute and rotten politician, and reported it to the whole world.

In particular, in his declaration of conscience, he exposed the ugly content of the merger of the three parties by No Tae-u, Kim Yong-sam, and Kim Chong-pil under the behind-the-scenes manipulation of Gregg, U.S. ambassador to South Korea in 1990, and said that originally Kim Yong-sam was manipulated by the U.S. Central Intelligence Agency and South Korea's Agency for National Security Planning and has been moving according to the behind-the-scenes black hands of the two intelligence scheming organizations up until now.

According to Kim Hui-won's declaration of conscience, traitor Kim Yong-sam was not only a top-grade rotten politician rarely seen in the world in political life, but was a very vulgar, deformed child giving off a very rotten smell from a spiritual and moral point of view in his personal life. He was a small-minded man who lived under the control of his wife because he was not able to control her. He also made frequent visits to kisaeng [geisha] houses and

there were rumors that his nickname was kisaeng's fancy man. He was an unparalleled playboy.

One week has passed since Kim Hui-won, former chairman of the Kangwon Provincial Committee of the Reunification Democratic Party and member of the Central Standing Committee of the DLP of South Korea, made a declaration of conscience through a news conference and television broadcast. Nevertheless, in South Korea, where all of their mouths have become frozen, close aides of traitor Kim Yong-sam have not made any response.

There is Yun Yo-chun, who likes to step forward as the spokesman of Chongwadae [presidential offices] beside Kim Yong-sam; Kim Yong-sam also has an enormous organ called the presidential secretariat; and there is also the spokesman of the puppet administration. To put it bluntly, there are many running dogs speaking for traitor Kim Yong-sam's mouth. Nevertheless, whether they all have become people who will not open their mouths to another about something kept in their hearts, the clamorous running dogs of Chongwadae and the puppet administration are not opening their mouths and are keeping silent. Considering that they are showing no response even though one week has passed and even Kim Yong-sam, who is rumored to be talkative, is keeping silent, it is clear that they have not come to their senses because they have been hit on the head.

In reality, due to the grave crime committed before the nation, traitor Kim Yong-sam has nothing to say even though he has 10 mouths. As a puppet of the U.S. ambassador to South Korea, traitor Kim Yong-sam inaugurated the DLP through conspiracy and collusion with the Democratic Justice Party, New Republican Party, and Democratic Party circles, and occupied the post of chairman. This process was not only a disgrace and worthless, but politics since then has had a rotten smell.

When summing up his administrative records until now, what the rascal did was purely nation-selling acts and murderous fascist oppression. During his two years of office, traitor Kim Yong-sam sold to the United States the rice market, which is directly related with the livelihood of the South Korean people; opened all the land of South Korea as an arena for foreign monopolies; and imposed all kinds of calamities and misfortunes on the people.

When he became president, traitor Kim Yong-sam put forth the scrapping of irregularities and corruption as a pending task, but since he himself is the king of irregularities and corruption, rather than scrapping them, they have become all the more prosperous under the patronage and support of the civilian-ruled government.

Also, under traitor Kim Yong-sam's rule, all kinds of felonious crimes and large-scale accidents occurred one after another. Thus, the bitter weeping of the people have not stopped even for one day. In particular, during the two years since he took power, the rascal was engrossed

only in securing the regime, thus clinging only to the people's fascist oppression and anti-Republic confrontation. For the political prostitute and fascist murderer to sit in the place of the presidency is unprecedented in the world's political history. It is truly our nation's shame and no laughing matter.

Traitor Kim Yong-sam, who is a dishonest politician of the times and fascist murderer, must step down from the position of political power, which is a consistent desire of the South Korean people, before the rotten smell spreads more. Doing this will be good for him.

Relatives Send Letters to Prisoners in ROK

SK0203060695 Pyongyang KCNA in English 0454
GMT 2 Mar 95

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—Letters were sent to old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea, by their family members in the northern half of Korea.

In a letter addressed to their father, Kim Hwa-sim and Kim Chong-sim, daughters of Kim In-so, said:

We believed that we would serve you with wine on the New Year's day. But, regrettably, we could not realise our desire.

Respected General Kim Chong-il, possessed of love for human beings and a sense of obligation for his soldiers on the highest level, gave instructions on several occasions to take back the unconverted long-term prisoners from South Korea.

Let us take courage to bring earlier the day of our reunion.

Ham Suk-nyo, elder sister of Ham Se-hwan, in a letter to her younger brother, informed him that the northern half of the country inaugurated the Korean Committee for Measures for Rescuing the Unconverted Long-Term Prisoners in South Korea and is taking necessary measures for their repatriation.

Kim Yong-che, son of Kim Yong-tae, said in a letter to his father, that only South Korea is an inhuman society which prohibits a father from meeting with his son for more than 40 years though the hometown and the son are within a hailing distance.

Noting that the nation's ardor for reunification is warm and the struggle for the repatriation of unconverted long-term prisoners is being briskly waged not only at home but also worldwide, the letter expressed the belief that the father would continuously fight unyieldingly with faith and conviction.

When international organisations and human rights bodies are informed well of the unwarrantable behaviour of the South Korean authorities and activities of various forms are conducted briskly, the day will come so much

earlier when the unconverted long-term prisoners will return to their hometowns, the letter stresses.

ROK, Japan Military Consultations Criticized

SK0103114795 Pyongyang KCNA in English 1056
GMT 1 Mar 95

[“Dangerous Military Conspiracy”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—MINJU CHOSON today comments on the military conspiracy of the South Korean puppets and the Japanese reactionaries.

Through military consultations, the chairman of the Joint Chiefs of Staff of the Japan “Self-Defence Forces” (SDF) and the South Korean puppet military bosses decided to maintain close military cooperation against “missile threat” from the DPRK, hold “joint rescue exercises” of the Japan naval “SDF” and the puppet Navy and let fleets of both sides call at each other's ports regularly.

The news analyst says:

The sinister purpose of the vicious military conspiracy of Japan and the South Korean puppets is to oppose the DPRK.

The traitorous Kim Yong-sam group, kowtowing to its Japanese master, schemes to survive the crisis of its rule and, further, invade the North with his help.

The Japanese reactionaries intend to stage a comeback to Korea without much difficulty, taking advantage of the South Korean puppets' fever of “unification by prevailing over communism.” They plan to use the South Korean puppets as a pilot in starting overseas aggression in Korea.

It is the invariable intention of the Japanese reactionaries to take the first step of reinvasion in Korea, expand it to wide areas and realise their wild ambition for domination.

Yet, the Japanese reactionaries and the South Korean puppets slandered the DPRK over “missile threat” and cried for strengthening “security cooperation” between Japan and South Korea for “stability of the situation in Northeast Asia.” This is reminiscent of a burglar sounding the burglar alarm.

The Japanese reactionaries and the South Korean puppets must act with discretion, mindful that their military conspiracy will precipitate their own destruction.

‘Imperialists’ Warned Against Nuclear Disaster

SK0103110995 Pyongyang KCNA in English 1027
GMT 1 Mar 95

[“Bikini Accuses Nuclear Adventurers”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—MINJU CHOSON today carries an article on the day of Bikini.

The article says that the disaster on Bikini island on March 1, 1954, taught the world peaceloving people the historical lesson that the nuclear adventure spelling is fortunes and sufferings must be stopped and a resolute struggle be waged against it.

The article goes on:

It is a unanimous desire of humankind to live in peace and freedom in a world without nuclear weapons.

Though several decades have passed since the Bikini disaster, the imperialists are still accelerating tests of nuclear weapons and their production and running wild in preparing a thermonuclear war.

The hardline conservative forces in the United States insist on reinforcing the nuclear Armed Forces by continuously increasing the expenditure for the production and modernization of nuclear weapons even today when the Cold War has come to an end.

The moves of Japan to become a nuclear power have also reached a danger line.

This gravely threatens world peace.

The imperialists must not go against the current trend of the times nor repeat the disaster of Bikini.

Japan Condemned for Nuclear Power 'Ambition'

SK020301495 Pyongyang KCNA in English 0507
GMT 2 Mar 95

["Planned Rocket-Launching Test Causes Apprehensions"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—Japan announced that it would test-launch an H-2 space rocket at Tanegashima Space Centre in Kagoshima Prefecture in mid-March, according to a report from Tokyo.

This year's planned rocket-launching test following last year's fully reveals the sinister intention of the Japanese reactionaries to gratify at any cost their ambition for converting Japan into a military power and nuclear power.

This is arousing great apprehensions among the Korean people and other Asian peoples.

It is as clear as noonday that the repeated rocket-launching tests of Japan which have electronic detonators and other elements and technologies of manufacturing nuclear bombs are aimed at paving the road of possessing strategic nuclear missiles by making a success in the light of military technique.

It is not accidental that military analysts of different countries say the space rocket of H-2 type can be used as an intercontinental ballistic missile because it functions as such.

Japan's allegation that the planned rocket-launching test is for "commercial purpose" and for "possessing space flight technique" is nothing but a jargon to cover up the danger of its military purpose.

While continuing the dangerous rocket-launching tests, causing apprehensions worldwide, Japan tries to lay an artificial hurdle in the implementation of the agreed framework between the Democratic People's Republic of Korea and the United States, clamouring about a fiction of "military use of nuclear materials" by the DPRK. This invites criticism by public opinion.

Japan must lend an ear to the unbiased public opinion and immediately give up the moves to become a military power and nuclear power.

Talk Marks Anniversary of 'Popular Uprising'

SK0203015295 Pyongyang Korean Central
Broadcasting Network in Korean 0630 GMT 1 Mar 95

[Unattributed Talk: "Nation-Wide Anti-Japanese Resistance To Regain National Sovereignty"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught: Our Korean people have shown the whole world that the Korean people are filled with a spirit of still being alive, of not wanting to live the life of a ruined people, and of fighting for the achievement of freedom and liberation through the 1 March popular uprising.

March 1st marks the 76th anniversary of the 1 March popular uprising. The 1 March popular uprising was a nation-wide anti-Japanese resistance in which the Korean people rose in the struggle to repossess the territory that was lost to the Japanese imperialists and to restore the national sovereignty. The Japanese imperialists illegally occupied Korea by fabricating agreements, such as the Ulsa-Five Treaty and the Korea-Japan Annexation Treaty. In the wake of this, the Japanese imperialists set up the most barbarous colonial ruling system, trampled on the Korean people's basic rights and freedom, and arrested, imprisoned, and massacred innocent people at random.

The national indignation and grudge that smoldered in our people's hearts against the brigandish repressive rule of the Japanese imperialists and their brutal atrocities eventually erupted on 1 March, 1919, as a nation-wide anti-Japanese demonstration.

The historic March 1 popular uprising blazed up, beginning with a massive anti-Japanese demonstration held in Pyongyang. In Pyongyang that day, approximately 100,000 of the masses of various levels headed by patriotic youths, students, and people who were brought

up by Mr. Kim Hyong-chik, an indomitable revolutionary fighter and advanced leader of our country's anti-Japanese liberation movement, participated in the anti-Japanese demonstration. The masses participating in the rally shouted slogans such as "The Japanese and their army, get out!" and "Long live Korean independence!" and courageously fought against the Japanese imperialist army and police who checked them with swords and guns.

The Pyongyang residents' anti-Japanese demonstration swept the whole country in a flash and even spread to northeast China, the maritime province of Russia, Japan, and other foreign regions where Koreans lived.

Regardless of their ages, the Korean people who acutely felt the sorrow of people who had lost their nation, risked their lives to take to the streets to shout slogans of "Long live Korean independence!" even under conditions in which the Japanese imperialists' bloody suppression was being brutally carried out.

Ever since the eruption of the 1 March popular uprising, some 2 million people of various levels joined the ranks of the anti-Japanese uprising in just three months, and 3,200 rounds of demonstrations and riots occurred by the end of the year. Out of the 232 counties of the nation, 229 counties were swept up by the flame of resistance.

Through the March 1 popular uprising, the Korean people displayed to the whole world that they are a wise and courageous people who do not forgive aggressive forces who trample upon the national sovereignty and dignity. They also gave a deadly blow to the Japanese imperialists' colonial rule and exerted a great encouraging influence on the movement for national liberation that was carried out by the people who were oppressed by the colonial rule.

The 1 March popular uprising left a serious lesson that, if the masses of the people, the makers of history, were to win the struggle for national independence and social progress, they must wage an organized struggle based on scientific strategy and tactics under the leadership of a distinguished leader and that the counterrevolutionary violence must be met with a revolutionary violence.

Our people's earnest desire for the national liberation and sovereignty was not realized until the great leader Comrade Kim Il-song stepped forward on the road of revolution, shouldering the destiny of the country and the nation.

The great leader founded the immortal chuche idea and successfully led our people's resistance for anti-Japanese national liberation, achieving the historic accomplishment of liberating the fatherland. He also wisely led our revolution on the one road of victory, thus setting up on this land the popular masses-centered socialist system of our own style that is independent in politics, self-sustained economically, and self-reliant in defense.

However, the desire of the revolters of the 1 March popular uprising who wished to live in a world that is free of aggressors and traitors has not yet been put into practice in half of the country, and the South Korean people are suffering under the colonial rule of outside imperialists.

Puppet traitor Kim Yong-sam who has bent to outside forces has thoroughly subordinated South Korea to outside aggressive forces economically, politically, and militarily. The Japanese reactionaries have further strengthened political and military collusion with the South Korean puppets and accelerated nuclear armament and their attempt to become a big military power, threatening the peace and security on the Korean peninsula.

Restoring the national sovereignty in South Korea and realizing the country's independent reunification are the lofty causes to realize the desire of the participants of the March 1 popular uprising and the nation's supreme goal arising before the entire Korean people.

Reunifying the fatherland in the 1990's is a timetable for reunification that has been set by our nation. Under the firm will to realize the national reunification in the 1990's without fail, all the fellow countrymen in the North, South, and overseas are vigorously turning out in the reunification movement.

No one can dampen our people's will to reunify the divided fatherland nor can any force check our nation's sweeping march toward the national reunification. Under the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il, our people will vigorously fight to realize the fatherland's independent and peaceful reunification.

Japanese Social Democratic Dietman Arrives
SK0103044695 Pyongyang KCNA in English 0439
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—Yuzuru Shimazaki, chairman of the Japan-Korea Committee of the Japan Social-Democratic Party and member of the House of Representatives, and his companion arrived here on Tuesday [28 February] by air.

Visits Statue of Kim Il-song
SK0203061695 Pyongyang KCNA in English 0459
GMT 2 Mar 95

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—Yuzuru Shimazaki, chairman of the Japan-Korea Committee of the Japan Social-Democratic Party and member of the House of Representatives, and his companion on March 1 laid bouquets before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and made a deep bow.

Yuzuru Shimazaki said that the sudden death of President Kim Il-song is a great loss to the Korean people and humankind.

"I am firmly convinced that the Korean people will change their bitter sorrow into strength and courage and successfully accomplish the cause of President Kim Il-song, closely united around his excellency Kim Chong-il, the supreme leader," he stressed.

U.S., Taiwan Groups Visit Pyongyang's Sights
SK0203004995 Pyongyang KCNA in English 2303
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The Taiwanese tourist study group led by Chang Shihliang, president of the China Cross-Straits Industrial Association, and the tourist study group of the Carlson Wagonlit travel of the United States led by Thomas Boehm, vice-president of the Carlson Wagonlit Development Company, which came here Tuesday for the Pyongyang International Sports and Cultural Festival for Peace slated for late April went round Pyongyang today.

They visited the honored Mangyongdae first. While being briefed on the immortal revolutionary history of the great leader President Kim Il-song and his revolutionary family, they saw with deep interest the relics preserved in his old home with utmost care and had souvenir pictures taken.

They also visited the 150,000-seat May Day Stadium where the opening and closing ceremonies of the festival and professional wrestling games will take place and Kim Il-song stadium where a grand mass gymnastic display will be performed by Pyongyang school youths and children.

At the Taekwon-to hall they saw a demonstration performance by Korean Taekwon-to instructors and players including self-defense and five-men pattern movements.

They saw the Grand Chongnyon Hotel situated in the heart of Kwangbok street which was built to suit modern aesthetic sentiments, the Yanggang Hotel in Chongchun Street overlooking the beautiful River Taedong, apartment houses in Kwangbok Street and other hotels and flats to be used as lodgings, during the festival.

They also visited the tower of the chuche idea, the Arch of Triumph and the Mangyongdae School Children's Palace.

Visit Statue of Kim Il-song
SK0103112395 Pyongyang KCNA in English 1030
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The members of a Taiwanese tourist study group led by Chang Shihliang, president on the China Cross-Straits Industrial Association, and a tourist study group of the Carlson Wagonlit Travel of the United States led by Thomas Boehm, vice-president of the Carlson Wagonlit Development Company, called at the statue of the great leader President Kim Il-song on

Mansu Hill in Pyongyang and paid homage to him in unbounded reverence for him.

The groups arrived here on Tuesday for the Pyongyang International Sports and Cultural Festival for Peace.

The members of the groups placed a floral basket and a bouquet of flowers before the statue of President Kim Il-song with respect for him before making a bow.

Written on the ribbon hanging from the floral basket were the letters reading "The great leader President Kim Il-song is immortal".

Russian Forestry Delegation Visits Mangyongdae
SK0103015295 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 25 Feb 95

[FBIS Translated Text] The Russian Government forestry delegation headed by Kalin, vice chairman of the State Committee for Industrial Policy of the Russian Federation, visited Mangyongdae. Members of the delegation laid flowers in front of the Mangyongdae home and observed a moment of silence in memory of the great leader Comrade Kim Il-song.

The guests listened to the introduction to the revolutionary history and revolutionary family of the respected and beloved leader [suryong], and attentively inspected the relics preciously preserved in this historic home. After taking a photograph to commemorate the visit to the old house at Mangyongdae, the guests toured the revolutionary sites of Mangyong Peak.

The head of the delegation said that, through the visit to the Mangyongdae home, he was better acquainted with the history of the revolutionary activities of the great leader of the DPRK people Comrade Kim Il-song. He said more foreigners and DPRK people continue to visit Mangyongdae as time goes by because Kim Il-song had high moral repute. He added that it was his great pleasure to visit historic Mangyongdae where the great leader was born.

The delegation then visited the Chuche Tower, the Arch of Triumph, Taesongsan Revolutionary Martyrs' Cemetery, the International Friendship Exhibition, the People's Grand Study Palace, and Mangyongdae Students and Children's Palace. The delegation also watched an acrobatic show and mass gymnastics.

Officials Attend Celebration at Bulgarian Embassy

SK0203060495 Pyongyang KCNA in English 0448
GMT 2 Mar 95

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—Bulgarian Ambassador to Korea Yordan Mutafchiev hosted a party at his embassy on March 1 on the occasion of the national day of Bulgaria.

Present on invitation were Choe Ki-yong, chairman of the State Education Commission, Pak Kyong-son, vice-director of a department of the Central Committee of the Workers' Party of Korea, Song Ho-kyong, vice-minister of foreign affairs, and officials concerned.

Speeches were exchanged at the party.

Foreign Leaders Support Korean People's 'Cause'

SK2802152395 Pyongyang KCNA in English 1507
GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—Party and state leaders of different countries voiced support to the just cause of the Korean people when they recently met DPRK ambassadors to their countries.

Zimbabwean President Robert G. Mugabe said that esteemed Comrade Kim Chong-il is the great leader of the Workers' Party of Korea and the Korean people, who is carrying forward and developing the revolutionary cause of respected Comrade Kim Il-song.

"We are greatly pleased to the Korean people under the wise guidance of Comrade Kim Chong-il are dynamically pushing ahead with socialist construction in single-hearted unity, and we hope that Korea will be reunified at an early date according to the 10-point programme of the great unity of the whole nation," the Zimbabwean president said.

Armando Albarenga Funes, general secretary of the Central Committee of the Party for the Transformation of Honduras, stated that his party was greatly encouraged by the struggle of the Korean people who are making strenuous efforts for socialist construction and the reunification of their country under the wise guidance of the great leader Comrade Kim Chong-il. "We will firmly stand by the heroic Korean people forever in the future, too," he stressed. National Chairman of the Social Democratic Party of Nicaragua Adolfo Jarguin Ortel, Chairman on the Democratic Movement of Nicaragua Roberto Urroz Castillo, General Secretary of the Central American United Party Blanca Rojas Echaverry and General Secretary of the Revolutionary Workers' Party of Nicaragua Bonifacio Miranda said that they are firmly convinced that the Korean people will register greater achievements in their struggle to achieve the prosperity and reunification of the country under the wise guidance of the dear leader Comrade Kim Chong-il.

Tourist Groups Arrive To Study Peace Festival

SK2802232495 Pyongyang KCNA in English 2232
GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—A Taiwanese tourist study group led by Chang Shihliang, president of the China Cross-Straits Industrial Association and a tourist study group of the Carlson Wagonlit Travel of the United States led by Thomas

Boehm, vice-president of the Carlson Wagonlit Development Company, arrived here today by air for the Pyongyang International Sports and Cultural Festival for Peace to be held with splendor at the end of April.

The study groups consist of nearly 30 members including business officials and reporters.

They will make tourist study trips until March 4.

A Japanese tourist study group consisting of over 120 members visited Pyongyang and made a study trip at the end of January for the Pyongyang festival.

Economic Delegation Leaves for Bangladesh

SK2802113895 Pyongyang KCNA in English 1057
GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—A government economic delegation of the Democratic People's Republic of Korea headed by Yi Song-tae, chairman of the State External Economic Affairs Commission, left here today for a visit to Bangladesh.

It was seen off at the airport by Choe Pong-su, vice-chairman of the State External Economic Affairs Commission, and other officials concerned.

Choe Kwang Gives Speech at O Chin-u's Funeral

SK0203025195 Pyongyang Korean Central
Broadcasting Network in Korean 1344 GMT 1 Mar 95

[("Condolatory address" by Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chief of the General Staff of the Korean People's Army, at the funeral service for O Chin-u held on 1 March in Pyongyang—recorded)]

[FBIS Translated Text] Today, amid our great sorrow, we will bid our last farewell to the late Comrade O Chin-u, who was a most faithful revolutionary fighter of the great leader Comrade Kim Il-song, a most intimate revolutionary comrade-in-arms and revolutionary comrade of the great leader [yongdoja] Comrade Kim Chong-il, and a faithful son of our party and people.

Comrade O Chin-u—who has fought for the party, the leader [suryong], the fatherland, and the people on the road of glorious struggle for the victory of the chuche revolutionary cause; who has registered immortal achievements on the road of revolutionary struggle against the Japanese and U.S. imperialists, and for the independence and sovereignty of the fatherland and its grandeur and prosperity; and who is a prominent activist—has left us, ending his noble life without seeing the day when the fatherland's reunification is achieved.

At this moment, when we have to part with Comrade O Chin-u forever, we cannot repress our sorrow at having lost a revolutionary fighter who was infinitely loyal to the great leader Comrade Kim Il-song from the day of his embarkment on the road of revolution up until today,

and whom the respected and beloved Comrade Kim Chong-il treated and loved so kindly. We cannot repress our surging condolences over his passing away.

Already in his early days, the late Comrade O Chin-u embarked on the anti-Japanese revolutionary struggle with burning hatred for the Japanese imperialists and class enemies. Comrade O Chin-u participated in the glorious anti-Japanese armed struggle organized and led by the great leader Comrade Kim Il-song, and heroically struggled for the national liberation of the fatherland, bearing arms in his hands.

Comrade O Chin-u grew up to become an able military commander under the warm guidance and care of the great leader Comrade Kim Il-song. He dealt fateful blows to our enemies by boldly and skillfully launching military and political activities, and thus made brilliant contributions to achieving victory in the anti-Japanese armed struggle.

After national liberation, Comrade O Chin-u unfolded energetic activities to found, strengthen, and develop a chuche-style party and to build a rich and powerful independent country by upholding the line of building the party, the country, and the Army as presented by the great leader Comrade Kim Il-song. He also struggled, devoting everything not only to strengthen and develop the People's Army, the revolutionary armed forces of our party, into a modern regular armed forces, but also to firmly defend the revolutionary base of the northern half of the country, both politically and militarily.

During the fatherland liberation war against the U.S. imperialists, Comrade O Chin-u made an active contribution to smashing the enemy's armed aggression and guaranteeing the victory in the war by implementing strategic and tactical policies presented by the great leader Comrade Kim Il-song.

Comrade O Chin-u made a great contribution to establishing the most advanced, popular, masses-oriented socialist system in this land, and to changing our country into a strong, socialist country of independence, self-reliance, and self-defense, upholding the unique line and policy for the socialist revolution and socialist construction presented by the great leader Comrade Kim Il-song after the war.

In a difficult time when our revolution faces a severe trial as anti-Republic maneuvers by the U.S. imperialists and South Korean puppets are all the more unscrupulous and opportunistic in the international arena, Comrade O Chin-u smashed maneuvers of enemies at home and abroad by waging an uncompromising and resourceful struggle while in his important positions in the party, the state, and the army, thus resolutely defending and protecting the party and the leader and greatly contributing to firmly hardening the political and ideological unity and cohesion of the entire party, the entire Army, and all the people around the great leader Comrade Kim Il-song.

In particular, the comrade enabled our Revolutionary Armed Forces to greatly display their political and ideological superiority by improving the party's political work inside the People's Army in conformity with the party's intent. He also strengthened and developed the People's Army as a modernized, one-a-match-for-100 Revolutionary Armed Forces and an army of cadres, by implementing our party's chuche-oriented military line. With his devoted efforts to strengthen an all-people defensive system by arming all the people and by turning the whole country into a fortress, he made it possible to firmly defend the socialist fatherland and revolutionary gains from the enemy's aggression.

Upholding the line and policy presented by our party when the country was faced with the task of modeling the entire party and society after the chuche idea, Comrade O Chin-u devoted all his wisdom and energy to the struggle to succeed and consummate the chuche revolutionary cause, which had been pioneered by the great leader Comrade Kim Il-song, generation after generation.

The comrade made every effort to firmly establish our party's leadership system in the entire party, the entire Army, and the whole country, considering the reinforcement of the party's leadership to be the lifeline that influences the fate of the revolution, thus making a distinguished contribution to brilliantly solving problems on succession of the leadership in implementing the chuche revolutionary cause.

Having a firmly established revolutionary view of the leader throughout his life, Comrade O Chin-u was always boundlessly loyal to the great leader [suryong] and the great leader [yongdoja] and was a resolute communist revolutionary fighter who opposed any compromise in protecting the leader and the party.

Waging a long revolutionary struggle under the great leader Comrade Kim Il-song with pure revolutionary fidelity toward the leader, he showed the shining example of a true loyalist, and while assisting the great leader Comrade Kim Chong-il closest at hand, he fulfilled the noble obligations and duty as an elderly revolutionary of the first generation of our revolution for the inheritance and completion of the chuche revolutionary cause.

Comrade O Chin-u's career was the brilliant life of a resolute chuche-type communist revolutionary who struggled to devote his all to the party, the revolution, the country, and the people till the last moment of his life. From the very first day of initiating the revolutionary struggle, he deeply cherished the belief that upholding the leader is the foremost duty for the Korean communists and upheld the great leader with loyalty and resolutely defended and protected him. With a firm conviction that following the road directed by the party and the leader is the most precise road for the country's prosperity and the revolution's victory, he devoted his body and soul to thoroughly implementing the party's lines and policies.

Comrade O Chin-u always enjoyed high respect and warm love from our party members, soldiers of the People's Army, and people because of his boundless loyalty to the leader [suryong] and the leader [yongdoja], his devotion to the country and the people, his firm principle-mindedness, and his noble traits befitting a revolutionary. The boundless loyalty to the party and the leader, high revolution-mindedness, party-mindedness, and working class-mindedness, and people-mindedness which he displayed have been exemplary to us.

Today, all the people and the soldiers of the People's Army feel great pain and sorrow on bidding their farewell to Comrade O Chin-u, an excellent son of our party and people and a talented activist of the party, the state, and the Army.

The late Comrade O Chin-u: It is an irrecoverable great political loss for our party and people to lose you, Comrade, who waged such a devoted struggle for the cause of our revolution for 60 long years, at a time when the entire party membership and all the people are waging a vigorous struggle to accelerate the complete victory of socialism and the independent reunification of the country upholding the teaching that the great leader Comrade Kim Il-song gave in his lifetime.

We will never forget you who waged the struggle, shedding blood together with us on the rugged road of struggle for the liberation of the fatherland, for the complete reunification and independence, and for the victory of the cause of socialism and communism. We will turn our sorrow of losing the precious revolutionary comrade into strength and fighting spirit and uphold the great leader Comrade Kim Chong-il following the excellent example you demonstrated in your lifetime. At the same time, we will wage a more vigorous struggle for the completion of the chuche revolutionary cause.

Although you have passed away, the noble achievements and indomitable revolutionary spirit you displayed for our party, revolution, fatherland, and people will shine long in the annals of the revolutionary struggle of our party and people.

The late Comrade O Chin-u, may you rest in peace.

[Dated] 1 March 1995

[Signed] The WPK Central Committee, the WPK Central Military Commission, and the DPRK National Defense Commission.

VNS: Pro-Kim Chong-il Literature in ROK

SK2802113095 Pyongyang KCNA in English 1033
GMT 28 Feb 95

[“Long Live General Kim Chong-il, a Great Man Descended From Heaven!”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—Literature and hanging scrolls deeply revering and praising the great leader Comrade Kim Chong-il

were seen in different parts of South Korea on the occasion of his birthday, reported Seoul-based radio Voice of National Salvation [VNS].

Several hundred copies of a leaflet were scattered early in the morning of February 16 in the name of the “Hyang-ilhoe” in Kwanak District where Seoul National University is situated.

Written in red on the upper part of the front side of the leaflet were “Warm congratulations to the great leader Kim Chong-il on his 53rd birthday” and seen in the lower part was a painting of his old home in Mt. Paektu surrounded by the blossoms of magnolia.

Carried in the back side of the leaflet were following words:

“February 16 is the greatest auspicious day of the nation when General Kim Chong-il, the sun, was born. Let all of us adjust ourselves and make a deep bow toward the sky of the North, wishing General Kim Chong-il longevity.”

A hanging scroll five metres long and 70 centimetres wide was hanging on a wall of the building of an electronics company in Chonju city, bearing letters “Let us establish a reunified country under the guidance of General Kim Chong-il, the leader of the nation.”

Meanwhile, a slogan “Long live General Kim Chong-il, a great man descended from heaven!” was pasted on a police car standing beside a road in Kumnam-ro, Kwangju city. And 150 yellow envelopes bearing letters “Addresser: The February 16 Fellowship Society and the addressee: All of the people” were discovered in post-boxes in different parts of Taejon city.

According to postmen, the envelope included letters “General Kim Chong-il is an ever-victorious, matchless brilliant commander. Let us trust and follow only him. Let us be mindful that the future of the nation and the destiny of the fellow countrymen depend on his longevity.”

Leaflets Spread In Seoul, Inchon

SK0103112895 Pyongyang KCNA in English 1040
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—Copies of literature highly praising the great leader Comrade Kim Chong-il were spread in Seoul and Inchon on the occasion of his birthday, according to radio Voice of National Salvation [VNS] from Seoul.

Printed in the front side of the literature in the name of the Sobaeksu Society are a picture of the great General Kim Chong-il with a bright smile, beside it are letters “February 16” and beneath it are words “Longevity of the great General Kim Chong-il, the sun of the nation and lodestar of reunification, is the desire of fellow countrymen and humankind. Best wishes for long life in good health.”

Also printed in the back side of the literature are words reading:

The great General Kim Chong-il is standing in the summit of the world as a brilliant leader.

The greatest thinker and theoretician in the world.

The greatest man of the world in leadership.

The greatest man of the world in virtues.

As he is gifted with brilliant talents as an accomplished man in the world, General Kim Chong-il is a great man who will stand in the summit of the world forever with the times.

It is the greatest honor and fortune of the 70 million fellow countrymen to hold General Kim Chong-il whose name is shining at the summit of the world in high esteem as the leader of the Tangun nation.

Let us reunify the country, upholding him in one mind.

Chongilbong Society Mailings

SK0203052395 Pyongyang KCNA in English 0434
GMT 2 Mar 95

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—The Chongilbong Society of South Korea mailed copies of literature of wall newspaper shape praising the great leader Comrade Kim Chong-il to dwelling houses, universities, working sites and democratic figures on the occasion of his birthday, according to Seoul-based radio Voice of National Salvation. Imprinted in the front side of the literature were letters "1942-1995" and "Warm congratulations to the leader Kim Chong-il, the bright sun of the nation, on his birthday" against the background of the old home in the Mt. Paektu secret camp area where he was born as the "lodestar of Mt. Paektu" with blessings of all the people. Beneath the letters were words "February 16, the greatest holiday common to the 70 million fellow countrymen and humankind," "The leader Kim Chong-il, a great man in the modern history of thought," "The leader Kim Chong-il, incarnation of benevolent politics," "The leader Kim Chong-il, the lodestar of national reunification" and "The outstanding leader of the 21st century."

The literature carried in the back side words "The true motherland of independence," "The North is an earthly paradise centred on the people," "The North is an ideal society of the people," "The North, the tractor of socialism," "International prestige of the North," "The North, a powerful country self-reliant in defence," etc. against the background of Chong-il peak [sentence as received].

Also included in the literature were a sentence reading "Our 70 million fellow countrymen guided by the leader Kim Chong-il, the greatest man, will always emerge victorious and demonstrate its glory as a proud nation which will be ever prosperous in history" and a sentence "Let us staunchly struggle in one mind this year for the accomplishment of the noble cause of reunification to move up the glorious day when we will shout hurrah for reunification with the presence of the leader Kim Chong-il on the platform of the square of reunification."

More Kim Chong-il Birthday Celebrations Abroad

SK0103112695 Pyongyang KCNA in English 1036
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The birthday of the great leader Comrade Kim Chong-il was celebrated in different countries.

An exhibition of pictures of Mt. Paektu took place in Tokyo from February 17 to 22 in celebration of the birthday of the great leader Comrade Kim Chong-il.

Yoshiyuki Oe [as received], chairman of the Japan-Korea Friendship Data Centre and chairman of the Executive Committee of the exhibition, in his speech at the opening ceremony expressed the hope that the exhibition introducing the beautiful appearance of Mt. Paektu, the birthplace of his excellency dear Kim Chong-il and a place dear to the hearts of the Korean people would help toward Japan-Korea exchange and normalisation of the diplomatic relations between Japan and Korea and contribute to the peaceful reunification of Korea.

A performance "Evening of Art in February" was given at the Shinjuku Cultural Centre in Tokyo on February 22.

Celebration meetings were held in Egypt, Nigeria, Guinea, Bangladesh and Kazakhstan.

Mass media of Thailand, Nepal, Tunisia, Egypt, Burkina Faso, Sweden, Denmark, Lebanon, Jordan, Kazakhstan, Algeria, Bulgaria, Cuba, Indonesia, Peru, Romania and Mali edited special writeups under titles such as "Greatest Holiday of the Korean Nation," "We Wish His Excellency Kim Chong-il Good Health and Long Life", "Lodestar of Socialist Movement in the Era of Independence" and "The Leader on the 21st Century".

Kyrgyz Taekwon-do Center Named for Kim Chong-il

SK0103112495 Pyongyang KCNA in English 1032
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—A Kyrgyz Taekwon-do centre named after Kim Chong-il was founded on the occasion of the birthday of the great leader Comrade Kim Chong-il.

A.P. Dolgov [as received], chairman of the Martial Arts Federation of Kyrgyzstan, spoke at the inaugural meeting held at the Hall of the Federation on February 22.

He said that the foundation of the Taekwon-do centre on the occasion of the birthday of His Excellency Kim Chong-il was an expression of the unbounded respect and reverence of the Kyrgyz sportsmen and sportswomen for him.

A message of greetings to Comrade Kim Chong-il was adopted at the meeting.

A.P. Dolgov was elected chairman of the centre.

Kim Chong-il Receives More Overseas Greetings

*SK0103043895 Pyongyang KCNA in English 0431
GMT 1 Mar 95*

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The great leader Comrade Kim Chong-il received messages of greetings from party leaders of different countries on his birthday.

They came from Ilie Berdet, president of the Socialist Workers' Party of Romania; Florea Preda, chairman of the New Democratic Movement of Romania; Victor Voichita, chairman of the Romanian Party for New Society; Branko Rozo, president of the Central Committee of the League of Communists of Yugoslavia; Branko Kitanovic, general secretary of the New Yugoslav Communist Movement; Ratko Krsmanovic, president of the National Committee of the League of Communists- Movement for Yugoslavia; Mohamed Bel Hadj Amor, general secretary of the People's Unity Party of Tunisia; and Milud al Mahdabi, general secretary of the Permanent Secretariat of the Organization of Socialists in the Mediterranean Region.

The messages extend warmest congratulations to Comrade Kim Chong- il and wish him good health and long life.

They express the belief that under the wise leadership of Comrade Kim Chong-il the Workers' Party of Korea and the Korean people will carry forward to accomplishment the cause started by the great leader President Kim Il-song and win a new victory in the socialist construction.

Meanwhile, a joint message of greetings came to Comrade Kim Chong-il from the Bulgarian Communist Party (Marxist), Renewal Communist Party of Bulgaria and the Workers and Peasants Party of Bulgaria on the occasion of his birthday.

"Warmest Congratulations' Sent

*SK0203052595 Pyongyang KCNA in English 0438
GMT 2 Mar 95*

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—The great leader Comrade Kim Chong-il received messages of greetings from foreign party leaders on the occasion of his birthday.

The messages came from Keshar Jung Rayamajhi, chairman of the Socialist Democratic Party of Nepal; Samboram Shrestha, general Secretary of the Central Committee of the Nepal Communist League; Bishnu Bahadur Manandhar, general Secretary of the Central Executive Committee of the Nepal Communist Party (United); Gustavo Mohme Ryona, national secretary general of the Socialist Political Action Party of Peru; Angel Castro Lavarello, chairman of the Peruvian Front

for National Liberation; Luis Mateo Munos, general secretary of the Socialist Party of Peru; Eleazar Gutara Marabi, chairman of the Peruvian Nationalist Movement of Labour; Chairman Pedro Ortega Dias and General Secretary Trino Melean of the Central Committee of the Communist Party of Venezuela; and Vincent Cabrera, acting leader of the February 18th Movement of Trinidad and Tobago.

They extend warmest congratulations to Comrade Kim Chong-il on his birthday and wish him good health and a long life.

They also express firm solidarity with the Korean people's struggle for socialist construction and the independent and peaceful reunification of the country.

British Visitor Brings Gift for Kim Chong-il

*SK2802151495 Pyongyang KCNA in English 0958
GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The great leader Comrade Kim Chong-il received a gift from Philip Leigh Tose, chairman of the Peregrine Investments Holdings Limited of Great Britain, on a visit to Korea.

It was handed to an official concerned on February 27.

Kim Chong-il Work on Socialism Studied Abroad

*SK0203052695 Pyongyang KCNA in English 0445
GMT 2 Mar 95*

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—An Indian national seminar on "Socialism Is a Science," a famous work of the great leader Comrade Kim Chong-il, was held in New Delhi on the occasion of his birthday.

In his speech at the seminar T.B. Mukherjee, president of the Asian Regional Institute of the Chuche Idea and a winner of "International Kim Il-song Prize," said:

The treatise of the dear leader Comrade Kim Chong-il "Socialism Is a Science" is a famous work of great theoretical and practical significance at present.

It is like a beacon and an oasis.

In the treatise Comrade Kim Chong-il said that socialism has been frustrated in a number of countries, but scientific socialism is as alive as ever in the minds of the people. And he proved this with perfect logic and original theories.

The treatise is a precious work which takes the most brilliant place in modern history for its ideological and theoretical profundity and validity.

Prof. Kapil of the Agra University, India, said in his speech that the source of the invincibility of the Korean society is the singlehearted unity of the leader, the party

and the masses and that the way to be followed by humankind at present is socialism centred on the popular masses.

A letter to Comrade Kim Chong-il was adopted at the seminar.

Joint seminars on the afore-said work were held in Denmark, Zimbabwe, Mali and Guyana.

Speakers at the seminars praised Comrade Kim Chong-il as the great master of ideology and theory and said his treatise is of world historical significance.

They noted that socialism will surely be rebuilt and win final victory under the outstanding guidance of Comrade Kim Chong-il, the great leader of the era of independence.

Seminars on this work were held by the Karachi branch of the Pakistan-Korea Friendship Association, the Dar-es-Salaam, Tanzania, Group for the Study of Kimilsongism, the Dar-es-Salaam, Tanzania, Group for the Study of the Chuche Idea, the Group for the Study of the Great Kimilsongism of Teachers of the Higher Middle School of Kampala, Uganda, the New Yugoslav Communist Movement, the Secretariat of the State of the Agricultural Hydraulics of the Frelimo Party of Mozambique, the Maputo City Committee of the Union of Builders of Mozambique and the Group for the Study of the Chuche Idea of the Great Leader Comrade Kim Il-song of Madagascan students in Algeria.

Kim Chong-il's 'Feats' in 'Cinematic Art' Noted

SK2802113595 Pyongyang KCNA in English 1040
GMT 28 Feb 95

[“Immortal Feats in Establishing Brilliant Traditions of Revolutionary Cinematic Art”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The great leader Comrade Kim Chong-il established brilliant traditions of the revolutionary cinematic art in the course of bringing about a radical turn in literature and art, by wisely guiding the efforts for filmizing immortal masterpieces, says NODONG SINMUN in a by-lined article today. The article says:

What is most important in the immortal feats performed by Comrade Kim Chong-il in establishing the traditions of the revolutionary cinematic art is that he founded the chuche-based cinematic idea and theories.

They are encyclopedic idea and theories which give perfect answers to the theoretical and practical questions arising in the building and creation of cinematic art such as the idea of chuche-based humanics [as received], the theories on creation with main stress on the theory of the seed and the theories on production, acting, shooting, fine art, music, cutting, guidance system and method of creation.

Also important in his feats is that he set a highly important example of the chuche-based cinematic art and established our-style guidance system of creation and creative system.

Comrade Kim Chong-il defined it as the basic principle to be unconditionally true to the original work in conformity with the characteristics of the form of cinematic art in filmizing [as received] immortal masterpieces, and wisely directed the efforts for its implementation.

The chuche-based guidance system in the creation of works is to guide all the creative workers and artistes to thoroughly fulfill their revolutionary tasks from the stand and attitude befitting the masters of creation by implementing the revolutionary mass line in the guidance of the cinematic art under the monolithic leadership of the party. The chuche-based creative system is one with the whole course of the film creation put on the organized and standardized basis.

What is also important in his feats is that he developed ours to be a new-type cinematic art in which the chuche-oriented realistic method of creation is fully employed.

He established an anthropocentric philosophical outlook on the world and, on this basis, developed ours to be a new-type cinematic art, the cinematic art of chuche type in which the chuche-oriented realistic method of creation is fully employed, through the creative practice for wiping out all the old things left by the exploiter society in the content, form, creative system and method and all other realms of the cinematic art.

Relations Between Kim Chong-il, People Praised

SK0203001095 Pyongyang KCNA in English 2235
GMT 1 Mar 95

[“Harmonious Great Family”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—Recently, the great leader Comrade Kim Chong-il inspected a women's coast artillery company of the Korean People's Army [KPA] and showed deep loving care for its soldiers. This story has deeply moved the people.

On February 5, Comrade Kim Chong-il, supreme commander of the Korean People's Army, inspected the women's coast artillery company of KPA unit 291, a forefront unit.

He saw a training of women soldiers and personally opened their personal boxes in their barracks. Then, he went to the dining room of the company and showed deep concern about the soldiers' life with paternal affection.

Next day, he sent officials accompanying him to the company again to get a better knowledge of the artillery women's life. And he sent medical facial cream to the company commander, feeling sorry that her face had been chapped by the sea wind.

On January 4, Comrade Kim Chong-il said with deep emotion that there were many good professors at Kim Il-song University and sent a benevolent gift to Prof. Chon Yong-sik, a researcher of the economics faculty.

Countless are such stories about the loving care shown by Comrade Kim Chong-il for the people.

The great leader President Kim Il-song said:

"We can say that love for and trust in the revolutionary comrades and people are the main feature of Comrade Kim Chong-il's politics."

In July last year when the whole country was overwhelmed with deep sorrow at the loss of President Kim Il-song, Comrade Kim Chong-il sent a plane to save a triplet just born in Kimhwa County, Kangwon Province, and sent a helicopter to rescue seamen and fishermen in mishaps in the sea off Hwadae, North Hamgyong Province.

He sends 60th, 70th and 80th birthday tables to working people of various social strata who had devotedly worked for the prosperity and development of the country. He also sends birthday tables to centenarians on their birthdays. Upon receiving reports about the deeds of young people who get married with disabled soldiers, he wishes the couples a happy future and sends them valuable gifts which will be handed down through generations as heirlooms.

So, all the Korean people respect him as the father of the great socialist family, remaining faithful and devoted to him.

U Myong-ok, a woman residing in Yongyon Workers' Settlement, Wiwon County, Chagang Province, brought 53 plants of wild insam (ginseng) into bloom on the occasion of the 53d birthday of Comrade Kim Chong-il, wishing good health and a long life to him.

In a letter to the dear leader Comrade Kim Chong-il, Chong Chun-sil, director of the Chonchon County commercial management office, Chagang Province, who is a winner of the order of Kim Il-song and twice labour heroine, wished him good health and a long life, hoping that he will pay deep attention to his health, as his health is the destiny of the country and the nation.

Yang Kyong-hui, a nine-year-old child of the Munhwa Primary School, Pyongsong City, wrote in a letter to Comrade Kim Chong-il:

"Dear general, our father, your health does not concern you alone. It is so precious because you should look after all the people and children of the country.

I want you take enough meals and sleep in time.

Respected General Kim Chong-il, the father of our family, I wish you a long life in good health."

This is not the desire of them alone but what all the Korean people ardently want.

In Korea many letters wishing him good health and a long life are sent to him every day.

Korea where the leader and the people are in the relationship between the father and children is a harmonious great family.

Kim Il-song Work Published in Pakistani Booklet
SK0103042695 Pyongyang KCNA in English 0423
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, march 1 (KCNA)—"Let Us Promote the Building of Socialism by Vigorously Carrying Out the Three Revolutions," a famous work of the great leader President Kim Il-song, was published in booklet by the Afzal Publishing House of Pakistan.

The booklet says in the preface:

His excellency the great President Kim Il-song was the most outstanding leader of this century who devoted his whole life to the happiness of the Korean people and their eternal prosperity and to the cause of independence of the oppressed working masses all over the world.

All the Pakistani people most sincerely respect and revere him who provided bonds of friendship between Pakistan and Korea.

The Afzal Publishing House of Pakistan deems it as an honor to publish in the national language "Let Us Promote the Building of Socialism by Vigorously Carrying Out the Three Revolutions," a work of his excellency the great leader President Kim Il-song, on the auspicious occasion of the 53rd birthday of his excellency Kim Chong-il, the great leader of the Korean people.

Works of Kim Il-song Carried by Foreign Papers
SK0203050395 Pyongyang KCNA in English 0428
GMT 2 Mar 95

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA)—Famous works of the great leader President Kim Il-song have been carried by foreign papers.

The Indian paper INDIAN TIMES carried "Answers to Questions Raised by the General Director of the Latin American News Agency Prensa Latina" and "Theses on Socialist Education".

The Russian paper SERP I MOLOT and the Tanzanian paper MFANYA KAZI [spelling of papers as received] carried respectively "Answers to Questions Raised by a Delegation of Journalists of WASHINGTON TIMES from the United States" and "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country".

Power, Machine, Cement Plants Fulfill Feb Plans
SK0203082395 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 28 Feb 95

[FBIS Translated Text] Hydroelectric power plants across the country, including the March 17 hydroelectric

power plant and Hochongang and Changjingang power plants, fulfilled February plans by vigorously carrying out the struggle to send more electricity to various sectors of the national economy.

The working class of the Tongpyongyang thermal power plant tenaciously managed and repaired power generating facilities to increase the rate of their operation, thus overfulfilling February assignments by 107 percent on 28 February.

The functionaries and working class of the Yongsong Machine Complex General Bureau brilliantly fulfilled February assignments, with the firm faith that we can do what the party decides, while greatly displaying the revolutionary spirit of self-reliance and fortitude.

Workers, technicians, and clerks at Nagwon Machine Complex successfully accomplished plans for the meaningful February by fully mobilizing and using existing reserves and capacity, while displaying their revolutionary zeal and creative activeness.

Meanwhile, the working class of Taean Heavy Machine Complex vigorously carried out the struggle to create a new-type power generating facility, upholding the teaching left by the fatherly leader, thus overfulfilling February assignments.

Sangwon Cement Complex overfulfilled the production plan for February in all indices of products—at 101.4 percent for cement, at 105.6 percent for clinkers, at 103 percent for kalium fertilizer, and at 101.2 percent for limestone.

Electric Power Producers Increase Production

SK0203102095 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 28 Feb 95

[FBIS Translated Text] By cherishing the pride in having significantly glorified the great leader [yongdoja] Comrade Kim Chong-il's birthday—the greatest national holiday—with electric power production, electric power producers in each power station under the Ministry of Electric Power Industry, who vigorously rose by upholding the party's revolutionary economic strategy, are continually effecting innovations in electric power production.

In a meeting with the Central Broadcasting Network reporter Chong Mun-chol, Kim Yong-tal, director of a bureau in the Ministry of Electricity Power Industry, said:

[Begin Kim recording] Electric power producers in each power station under the Ministry of Electricity Power Industry, who vigorously carried out the struggle to increase electric power production from early February, are continuing the vigorous struggle by cherishing the pride in having significantly greeted the dear leader Comrade Kim Chong-il's birthday—the greatest national holiday—with greater success in electric power production. As a result, new innovations have been recently registered in electric power production.

By keenly realizing the significance and importance of electric power production in carrying to accomplishment the party's revolutionary economic strategy, functionaries and electric power producers in Hochongang power station, Changjingang power station and 17 March hydroelectricity power complex carried out proper production organization and command work and operated facilities at full capacity. Thus, they overfulfilled the February electric power production target. In particular, each hydraulic power station has overfulfilled the February plans.

Besides, Tongpyongyang thermal power station has overfulfilled the February electric power production goal as of 26 February, and each thermal power station, including Pyongyang thermal power complex and Pukchang thermal power complex, carried out a vigorous struggle to increase electricity by even one kilowatt with the intent to glorify significant February with success by a production increase. Thus, we have produced an abundance of electric power.

In this course, we came to more keenly realize that as long as there is the zeal of ardent loyalty among our people, who uphold the dear comrade leader by doubling the loyalty that they failed to render to the great leader [suryong], and who are resolved to render loyalty to the dear comrade leader to the end, there cannot be any difficulty that we are unable to resolve and there cannot be any stronghold we are unable to occupy.

We will more satisfactorily carry out the production organization and command work in conformity with the enhanced zeal of electric power producers and will see to it that functionaries go down to the lower echelons and units and resolve problems raised in carrying out lofty tasks by uniting their strength with the workers. [end recording]

Progress in Preparations for 1995 Farming Noted

SK2802151595 Pyongyang KCNA in English 1501 GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—Preparations for this year's farming are making a substantial progress in the rural communities of Korea.

The co-op farms in Unjon County, North Pyongan Province, are directing big efforts to fertilizing land, finding the reserves of richer harvest in it.

In recent 10 days alone, the county has carried tens of thousands of tons of compost out to fields.

In Taechon County, twice as much compost as at the same time last year has been transported to paddy and non-paddy fields. The farmers there have finished all farming preparations including seedbed-making and waterway readjustment. They can begin sowing any time.

The co-op farms in Chaeryong and Samchon Counties, South Hwanghae Province, and Singye and Koksan

Counties, North Hwanghae Province, are transporting over 20 tons of compost to each hectare, aiming at 10 tons of rice and 12 tons of maize per hectare this year.

Rural communities across the country have filled all the reservoirs and lakes with water by making a good use of the irrigation systems even under the unfavourable weather in winter.

The amount of water stored in South Hwanghae Province now is 30,000 chongmi (one chongmi is 10,000 cubic meters) more than at the same time last year.

The farm machines have been completely repaired and readjusted and sufficient small farm tools have been secured.

National Meeting of Rural Youth Units Held

SK0103005795 Pyongyang Korean Central
Broadcasting Network in Korean 2200 GMT 27 Feb 95

[FBIS Translated Text] A national meeting of activists from rural youth units and youth work-teams was held in Pyongyang on 27 February. Central and local functionaries of the League of Socialist Working Youth of Korea [LSWYK], and chiefs of rural youth units and youth work-teams, attended the meeting.

During the meeting, Choe Yong-hae, chairman of the LSWYK Central Committee, gave a report which was followed by discussions by Yi Son-hui, chief of the youth unit of Unha Cooperative Farm in Yangdok County, South Pyongan Province; Kim Nam-chol, chief of the youth unit of Pongsong Cooperative Farm in Anak County, South Hwanghae Province; Song In-chol, chief of the youth work-team of Tokhung Cooperative Farm in Munchon, Kangwon Province; O Myong-sun, chief of the youth unit of Soguk Cooperative Farm in Sinhung County, South Hamgyong Province; and Chang Man-chol, chief of the Yonbong youth unit of Singun Cooperative Farm in Saetpyol County, North Hamgyong Province.

The meeting adopted a resolution.

Economic Organization, Management Emphasized

SK0103132295 Pyongyang MINJU CHOSON in
Korean 25 Jan 95 p 2

[Article by No Kwang-su: "To Carry Out Economic Organizational Work and Management of Enterprises Is a Demand To Accomplish the Party's Revolutionary Economic Strategy"]

[FBIS Translated Text] All functionaries and workers across the country, who have embarked upon the road of the new year's march, are waging a vigorous struggle to further enrich our country, our fatherland, by thoroughly accomplishing the party's revolutionary economic strategy, while upholding the great leader [yongdoja] Comrade Kim Chong-il in conformity with the last wishes of the respected and beloved leader. Today, one

of the important questions arising before the economy-guiding functionaries in this rewarding struggle is to organize and carry out the economic organizational work and the management of enterprises.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"All economic guiding functionaries should wage a vigorous struggle to accomplish the party's revolutionary economic strategy, while harboring a firm conviction."

The economic organizational work and the management of enterprises are the works to organize the people's economic activities in conformity with the collectivist demands of the socialist society; and to supply necessary material and technical conditions. In other words, these works are the ones to organize and guide the producer masses' activities and to sufficiently supply them with necessary economic and technical conditions so that they can carry out their economic tasks wonderfully, thereby helping them fulfill their responsibility and role as the masters of production and management.

To organize and carry out the economic organizational work and the management of enterprises is, first of all, an important demand to normalize production at a high level by making an effective use of the economic basis provided in conformity with the realistic demands of the socialist economic development.

A socialist society is a highly organized society in which all things are organically linked with each other. On this basis, the socialist economy is moving in a unified way and is developing in a planned way, while all sectors of the people's economy, and all production units and ties are closely linked with each other. In order to guarantee the rational production ties and balance between all sectors and units of the people's economy in conformity with such a demand of the socialist economic development, it is important to wonderfully organize and carry out the economic organizational work and the management of enterprises. Because the socialist economy is based on a successful implementation of the plans of each sector and unit, only when we organize and carry out the economic organizational work and the management of enterprises, can we successfully implement the plans of the people's economy assigned to us; and, furthermore, can we guarantee a planned, balanced development of the general socialist economy. Without organizing and carrying out the economic organizational work and the management of enterprises, we cannot carry forward a large-scale socialist economy.

Moreover, under the reality in which the size of the socialist economy is incomparably growing bigger and is developing at a very rapid pace, when functionaries make a concrete calculation and assessment of the economic organizational work and the management of enterprises, they can more scientifically, rationally manage and operate the socialist economy and achieve

great success in the general socialist economic construction; and guarantee an endless development of the economy and sufficiently display the superiority of the socialist economic system.

To organize and carry out the economic organizational work and the management of enterprises is an important way to search for and mobilize all kinds of inner reserves to the maximum extent, in order to add more forceful incentives to production and construction.

It is an important work to search for and utilize inner reserves to produce with existing assets, more of the production factors which are left over from reproduction or which are not effectively used; to carry out relevant construction; and to achieve endless increases in the general economic construction by searching for, and actively using those factors in production. When we search for and utilize inner reserves to the maximum extent, we can increase production with existing production resources, without receiving an additional labor force, facilities, materials, and funds; increase the pertinent economic effectiveness; and, furthermore, help the already-existing economic basis bear more fruit. Production can be increased by the creation of a new production capacity; but, more importantly, an increased production is guaranteed also by utilizing and improving the labor force and production means, and by spending less in social labor. In particular, it is necessary to search for and mobilize more inner reserves in order to successfully carry out, with less expenses, this year's economic task for which a vast mobilization of labor force and a vast consumption of materials are expected.

Inner reserves exist in various sectors of the people's economy in various forms; and, as the socialist construction proceeds, such reserves will further increase. This notwithstanding, it is not easy to search for those reserves. They can be searched for and be effectively utilized for production, only when functionaries carry out their economic organizational work meticulously and their guidance to production scrupulously. Inner reserves can be mobilized and utilized to the maximum extent, when the economic guiding functionaries carry out their planning work scientifically in conformity with the objective economic laws and the scientific and technical demands of production; supply relevant materials correctly according to plans; intensify their technical guidance to production; and meticulously organize and carry out the work to guarantee the detailed links and balance between the economic sectors, and between production units and ties. Like this, to organize and carry out the economic organizational work and the management of enterprises serves as an important way to increase the economic effectiveness of investments and the production efficiency of social labor; and to decisively increase production with the existing labor force, facilities, materials, and funds, thereby helping thoroughly accomplish the party's revolutionary economic strategy.

To organize and carry out the economic organizational work and the management of enterprises also serves as a guarantee to turn the workers' revolutionary enthusiasm and their creative positiveness into actual production success.

To carry out the assigned economic tasks on the basis of the popular masses' revolutionary enthusiasm and their creativity is a revolutionary policy which our party is consistently adhering to. The producer masses are the masters and direct performers of production. We cannot carry out any tasks correctly without depending upon the producer masses' high revolutionary enthusiasm and their creative positiveness. The tasks we should carry out in the socialist economic construction sector this year are very vast; and those tasks will be carried out under difficult conditions due to the imperialists' antisocialist, anti-Republic maneuvers. All of the vast tasks—to continuously develop the metal industry, while thoroughly accomplishing the agriculture-first policy, light industry-first policy, and trade-first policy and while giving solid priority to the coal industry, electricity industry, and railway transport—can be successfully carried out, when a broad number of the masses are mobilized.

With regard to the organization and mobilization of the masses' revolutionary enthusiasm and their creative positiveness onto the implementation of this year's economic tasks, the question—as to how the economic guiding functionaries carry out the economic organizational work and the management of enterprises—is very important. Of course, political work is fundamental in increasing the revolutionary enthusiasm and creativity of those who are participating in production. But, only when such a political work is correctly linked with the meticulous economic organizational work and the skillful guidance to production can the spirit of the masses be turned into achieving actual production success. When the economic guiding functionaries organize and carry out the economic organizational work and the management of enterprises; assign specific struggle goals and tasks to individual producing workers; enable those workers' activities to dovetail into each other; and supply them with sufficient economic and technical conditions, the functionaries can turn the masses' revolutionary enthusiasm into a great material force and achieve greater success in production and construction. It is hard to think of a successful accomplishment of the party's revolutionary economic strategy, without thinking of the economic organizational work and the management of enterprises which grasp and control the production process concretely; deal with the occurring circumstances on a timely basis; and meticulously organize production and take relevant measures so that endless increases can be achieved in production. The experiences of the socialist economic construction show that, when we scientifically and rationally carry out the economic organizational work and the management of enterprises in conformity with the producer masses' revolutionary enthusiasm and their creativity, we can achieve collectivist innovations in all sectors and all

units of the people's economy, and we can vigorously accelerate the production and construction by igniting the high flames of collective innovations.

In organizing and carrying out the economic organizational work and the management of enterprises it is important, above all, that the functionaries display the traits of fulfilling to the end the revolutionary duties assigned them with their own responsibility and with the revolutionary spirit of self-reliance.

When the economic guiding functionaries possess the strong spirit to solve the assigned economic tasks with their own strength and with the revolutionary spirit of self-reliance, they can normalize production at a high level, while overcoming whatever difficulties may arise before them. If they only wait for the supply of favorable conditions, they cannot successfully implement the assigned economic tasks on a timely basis. All economic guiding functionaries should carry out their work with the spirit and traits with which the commanding officers of the anti-Japanese guerrilla units solved any kind of difficult and complicated problems to the end with their own efforts. When the economic guiding functionaries meticulously and scrupulously organize and carry out the economic organizational work and the management of enterprises, while producing what is lacking and seeking out what is in short supply with the revolutionary spirit of self-reliance, they can provide conditions to enable the workers to actively carry out their production activities with a high sense of revolutionary enthusiasm, and they can vigorously accelerate production and construction.

Equipment is the basic weapon of production. To take good care of the equipment constitutes an important part of the economic organizational work and the management of enterprises.

When we efficiently carry out the registration, inventory, and examination of the equipment of the plants and enterprises; actively mobilize unused machines and equipment; efficiently carry out the technical management of the machines and equipment; and work out thorough-going measures for planned check-ups and repairs of those machines and equipment, we can make sure that all machines and equipment can operate at their full capacity.

The material supply work holds a very important position in the economic organizational work and the management of enterprises. The party has put forth the policy of supplying materials correctly on the basis of the principle of giving priority to supplying the materials needed for the development of agriculture, light industry, and foreign trade and to supplying the materials demanded by the coal industry, electricity industry, and railway transport sectors; and to thoroughly abide by the party's principle and establish a strong discipline with regard to the materials supply work. When the functionaries correctly establish the materials supply system and thoroughly abide by the discipline about the

materials supply in conformity with the party's intentions, they can successfully accomplish the party's revolutionary economic strategy.

All economic guiding functionaries should meticulously carry out the economic guidance and the management of enterprises in conformity with the realistic demands of the socialist economic laws and the economic construction, and forcefully accelerate the production and construction, thereby brilliantly realizing the party's intentions to usher in, with shining labor success, the 50th anniversary of the party's founding and the 50th anniversary of the fatherland's liberation.

Daily Urges Hardening of 'Single-Hearted Unity'
SK0203041195 Pyongyang MINJU CHOSON in
Korean 5 Jan 95 p 1

[Editorial: "Let Us Add Luster to Socialism of Our Own Style While Upholding the Banner of Single-Hearted Unity"]

[FBIS Translated Text] Great is the revolutionary zeal of our functionaries and working people who saw the sorrowful year out with a sense of the greatest loss in the long national history of 5,000 years and have launched into the grand first onward march for the new year, in which they will establish a new milestone in the struggle to accomplish the chuche revolutionary cause. All the people are hardening their pledge of faith to uphold the great leader [yongdoja] Comrade Kim Chong-il forever at the top of the revolution, fulfilling their loyal and filial duties for the respected and beloved comrade supreme commander, as they did for the fatherly leader. They are also vigorously accelerating socialist construction with a fervent desire to have the honor of winners again in the worthwhile struggle to realize the party's idea. This is a sublime expression of the burning loyalty of our people who are united in one around the great leader Comrade Kim Chong-il.

Functionaries and working people should further consolidate the single-hearted unity of our society and vigorously carry out the struggle to add luster to socialism of our own style under the banner of single-hearted unity.

The great leader Comrade Kim Chong-il noted:

"It is a firm guarantee for the ultimate consummation of the socialist cause to defend, strengthen, and develop the single-hearted unity of the leader, the party, and the masses through generations."

It is a revolutionary will of our people, who are blessed with great leaders generation after generation, to consummate the socialist cause under the banner of single-hearted unity.

It was our people's greatest fortune to uphold the great leader Comrade Kim Il-song, who victoriously pioneered and led the chuche revolutionary cause to open its bright future and accumulated immortal achievements for the

times, the revolution, the fatherland, and the people. And it is our people's greatest happiness to carry out the revolution while upholding the respected and beloved Supreme Commander Comrade Kim Chong-il as their great leader [yongdoja]. This is why our people have stoutly struggled for the victory of the socialist cause, united firmly around the leader, deeply bearing the great dignity and pride in being blessed with great leaders. In those days of their struggle, the most consolidated, inseparable blood relations were established between the leader and the people and our people came to have an iron will to share their destinies with the party to the last. Although the fatherly leader left us, the leader will live forever in our people's minds. The great leader Comrade Kim Chong-il is the same as the respected and beloved leader, and the chuche socialist cause is invincible as long as Comrade Kim Chong-il is with the people. This is an invariable faith our people bear firmly in their hearts. The single-hearted unity established in our society is immortal and demonstrates its great vitality more and more as days go by because it is based on the faith and will of our people who are filled with great pride in being blessed with great leaders.

Upholding the banner of single-hearted unity by all the people is a basic demand in firmly strengthening the revolutionary position of our socialism as impregnable and in accelerating the revolutionary victory.

The history of the Korean revolution is the history of the single-hearted unity. Because they stoutly fought while being firmly united around the leader, our people could achieve brilliant victories in socialist construction, overcoming severe trials.

The chuche socialism, which was majestically built in the fatherland and is emitting brilliant beams all over the world, is a valuable gain that our people achieved with the single-hearted unity, and the single-hearted unity is the source of our people's infinite might for overcoming any stormy circumstances in the future. History proves that the invincibility of the socialist cause and the national dignity is linked with the might of the single-hearted unity.

Tasks faced by us today in the struggle for the victory of the socialist cause are enormous, and the imperialists and reactionaries' maneuvers to ruin socialism of our own style are all the more undisguised today. However, our people, who uphold the banner of the single-hearted unity, can do everything, and any kind of the enemy's maneuvers cannot block the united people's advance.

It is our people's traditional revolutionary trait that the more difficult and complex the situation is, the more firmly they unite around the party and the leader to smash maneuvers by the imperialists and reactionaries and to accelerate socialist construction. We should further harden the single-hearted unity even to fill the entire society with revolutionary zeal and spirit in accordance with the demand of the reality, in which the new year's grand onward march is being carried on; to glorify the

our country's socialist construction history with great creations and feats; and to vigorously demonstrate the superiority of the chuche socialism.

All functionaries and working people should further strengthen the single-hearted unity around Comrade Kim Chong-il, the great leader of our party and people, while upholding the respected and beloved leader's life-long intent.

Our single-hearted unity is single-hearted unity around one center, the leader [yongdoja]. When the popular masses are firmly united in ideology, will, morality, and sense of duty around the leader, they can become independent main forces of the revolution and can fulfill their role as the main forces. Because our revolutionary ranks form the revolution's strong main forces firmly united around the leader, our revolution could victoriously advance in the past while overcoming unprecedently arduous trials, and we are now able to defend and glorify socialism of our own style while converting unfavorable conditions into favorable ones under the difficult situation, in which the imperialists and reactionaries' anti-socialist offensive is being strengthened. Functionaries and working people should brilliantly inherit our revolution's tradition of single-hearted unity and firmly harden the revolutionary ranks' unity and cohesion around the great leader Comrade Kim Chong-il.

It is an important demand in strengthening the single-hearted unity for functionaries and working people to learn in depth the leader's greatness by experience and have a thorough faith to absolutely worship and follow only their leader in any environment.

The might of the revolutionary ranks' single-hearted unity is the might of all the people's faith in the leader. The great leader Comrade Kim Chong-il is a peerless man who has both literary and military accomplishments and the fate and future of our fatherland, our nation, and socialism of our own style. Seeing the proud reality of our revolution, which is reliably advancing despite worldwide turmoil, all functionaries and working people should be deeply aware of the great leader they uphold at the top of the party, of the revolutionary ranks, and of the revolutionary Armed Forces. We should always bear deep in mind the iron-firm faith that the fatherland exists only with the great leader, whose existence is a guarantee for their and their children's happiness, and should uphold Comrade Kim Chong-il while fulfilling their loyal and filial duties for him. When all revolutionary fighters are deeply aware of the leader's greatness and uphold the great leader of our party and people Comrade Kim Chong-il, as young communists firmly united around the general with pure revolutionary conscience and sense of duty, fascinated by the general's greatness and his lofty personality, at the beginning of the Korean revolution, the might of our revolutionary ranks can be hardened as matchless and invincible and our socialist cause, which have constantly advanced through decades, will brilliantly be accomplished.

In order to add luster to socialism of our own style under the banner of the single-hearted unity, it is necessary to continuously and firmly establish the leader's [yongdoja] unitary leadership system.

Only when the leader's unitary leadership system is realized, the revolutionary ranks' unity in ideology, will, and behavior can be guaranteed and revolution and construction can be accelerated vigorously.

The unitary leadership for the entire society can be realized in the course of implementing lines and policies presented by the leader. All our functionaries and working people should accept the lines and policies presented by the great leader Comrade Kim Chong-il as the most righteous ones and completely implement them under any difficult condition and environment. Those who make sincere efforts and dedicate their whole lives to implementing the party policy while speaking out little are genuine loyal men who are able to uphold their leader.

Functionaries and working people should firmly establish the revolutionary discipline of acting as one under the great leader Comrade Kim Chong-il and prevent all strange ideological trends that run counter to our party's revolutionary idea from infiltrating us. By doing so, they should establish a revolutionary trait inside the revolutionary ranks so that they can breath and speak in conformity with the party's intent and walk while keeping pace with the party.

Our single-hearted unity gives a strong impetus to socialist construction; its might must be fully demonstrated in the practical struggle to accelerate socialist economic construction.

It is our party's steadfast determination to remarkably improve the people's standard of living by thoroughly implementing revolutionary economic strategies. It is also the most important task that our people should adhere to in this year's socialist economic construction. We should fully demonstrate the might of our people's unity in today's worthwhile struggle to firmly consolidate the country's self-reliant economic basis and to further improve the people's standard of living. All sectors of the national economy must carry out all economic activities, including production and construction, thoroughly implementing the party's revolutionary economic strategies and responsibly fulfilling the tasks assigned to each sector.

We must adhere to and thoroughly implement the agriculture-first, light industry-first, and trade-first policies in accordance with the party's strategic policy; firmly give priority to the primary sectors of the national economy such as power industry, coal industry, and railway transportation; and continuously develop the metal industry so that we can effect a new upsurge in the socialist economic construction.

To enhance the Army's role is an important demand today in improving the people's standard of living by

implementing the party's revolutionary economic strategies. Based on the specific realities of our country's socialist construction and the ever-increasing demands on the people's livelihood, the great leader Comrade Kim Chong-il presented a programmatic task to create a turnaround in the people's life by enhancing the Army's role. All military functionaries should follow the example set by the functionaries of Chonchon County's commercial management office and those in Maengsan County, and should create a new turnaround in developing the local economy and in improving the people's standard of living by greatly displaying the spirit of endless self-sacrifice for the party and the revolutionary spirit of self-reliance and fortitude.

When functionaries at all sectors of the national economy stoutly rise up, upholding the party's intent, and greatly display mass heroism while helping and leading one another, we can excellently fulfill all tasks we are faced with as well as add luster to our own style of socialism.

In order to add luster to our own style of socialism under the banner of single-hearted unity, it is also important to enhance the responsibility and roles of functionaries at people's power organs.

Functionaries at power organs should consider it a life-and-death task related to the fate and future of our own style of socialism to defend and add luster to the tradition of single-hearted unity, and should subordinate everything to this aim. Functionaries at power organs should always carry out all activities to harden our single-hearted unity, and in particular should focus on thoroughly embodying the benevolent politics performed by the great leader Comrade Kim Chong-il who endlessly loves the people.

Functionaries at power organs are core forces of the party as well as faithful servants of the people. Whether our party's human-oriented politics can demonstrate its great vitality largely depends on the role of the functionaries of power organs. Functionaries of all power organs should firmly adhere to the chuche-oriented viewpoint and position on the people under all circumstances, and should make it a habit and rule to organize and carry out all activities based on the people's interest and to devotedly work for the people.

Functionaries at power organs should work and live in accordance with the demand of the party's slogan "Serve the people!" to fulfill their mission as the people's faithful servants. When functionaries at power organs consider this slogan as a guideline for their lives and thoroughly embody it, the popular masses' confidence in the party will increase and the party and people will be united even more firmly in one blood line.

Single-hearted unity is the most powerful weapon in defending, protecting, and adding luster to our own style of socialism. As long as we have the party's wise leadership and firm single-hearted unity around the great leader [yongdoja], we are afraid of nothing in the world.

Let us all vigorously accelerate the new year's onward march with aloft faith and braveness, upholding the banner of single-hearted unity even more highly, so as to create a new upsurge in socialist construction and add luster to our own style of socialism.

South Korea

More Reports on Polish NNSC Delegation Issue

UN Command Protests Withdrawal

SK0203120995 Seoul YONHAP in English 1205 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, march 2 (YONHAP)—The United Nations Command in Korea lodged a protest with the North Korean military on Thursday over North Korea's recent eviction of the Polish delegation to the Neutral Nations Supervisory Commission (NNSC).

The protest was made at a meeting between the secretaries of the Military Armistice Commission (MAC) held at the MAC conference room in the Joint Security Area of Panmunjom.

A source said that the North Koreans said at the meeting that the Polish delegation would leave Pyongyang on March 4 and proposed that a U.S.-North Korea military contact be held at an early date to discuss peace and security issues on the Korean peninsula.

They suggested that the two sides be represented at the proposed contact by military officers with the rank of major general, the source said.

Meanwhile, a UN command officer said Thursday's meeting was made within the MAC system and did not mean there was another military channel with North Korea.

DPRK Counterproposes Meeting

SK0203022695 Seoul YONHAP in English 0012 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—North Korea counterproposed Monday for a general-grade officers' meeting to be held in North Korea to discuss the withdrawal of the Polish contingent of the Neutral Nations Supervisory Commission (NNSC), which oversees the armistice agreement which ended the Korean war in 1953, Defense Ministry sources said Wednesday.

The proposal countered the United Nations Command (UNC)'s offer made last Thursday for the Korean Military Armistice Commission's chief secretaries' meeting to be held Tuesday at the commission's conference room in Panmunjom, according to the sources.

North Korea evicted the Polish delegation of the NNSC Tuesday.

Pyongyang counterproposed to the UNC Monday for a general-grade officers' meeting to be held instead, and to that end a full colonel-level meeting should also be held at 10 AM Thursday at Panmungak pavilion, located in the northern side of the joint security area in Panmunjom, the sources said.

UN Command, DPRK Army Hold Talks

SK0203024895 Seoul KBS-1 Radio Network in Korean 0206 GMT 2 Mar 95

[FBIS Translated Text] The United Nations Combined Forces and the North Korean Army held a meeting for the first time since Poland withdrew its delegation from the Neutral Nations Supervisory Commission [NNSC].

The United Nations Command [UNC] stated: Upon the request of the North Korean side, a meeting was held in the conference room of the Military Armistice Committee in Panmunjom at 1030 AM [0130 GMT] on 2 March to discuss the withdrawal of the Polish delegation from the NNSC.

Colonel Ormes, chief secretary of the UNC to the Military Armistice Committee, and Senior Colonel Pak Im-su from the North Korean side participated in today's meeting.

A UNC official stated: Today's meeting was part of the Military Armistice Committee system. Therefore, it does not indicate that another military channel has been prepared between North Korea and the U.S. Forces.

Attendees, Agenda Reported

SK0203055495 Seoul YONHAP in English 0504 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—The United Nations Command here said it held Thursday a colonel-level officers' meeting with the North Korean Army at the truce village of Panmunjom.

Colonel Ashton H. Ormes represented the UN Command at the meeting and his North Korean Army counterpart was Col. Pak Im-su.

The UN Command recently proposed colonel-level and general-level meetings with the North Korean Army to introduce the new UN Command secretary of the Military Armistice Commission (MAC), Col. Ormes, to the North Korean side of the MAC and discuss the issue of the Polish expulsion from the Neutral Nations Supervisory Commission on the Korean armistice.

The North Korean Army had refused both meetings until early this week when it counterproposed to hold a colonel-level meeting at Panmunjom Thursday to discuss "a variety of topics and to meet Col. Ormes," the UN Command said.

On the agenda of Thursday's colonel-level meeting was holding soon a general-level meeting to "presumably" discuss the Polish expulsion issue, it added.

Government Asks Businessmen Not To Visit North

SK0203073595 Seoul TONG-A ILBO in Korean 2 Mar 95 p 2

[FBIS Translated Text] It was learned on 1 March that the government decided to fully scrap its measures to reactivate North-South economic cooperation, in particular delaying the decision to allow businessmen to visit Pyongyang, if North Korea persistently refuses to accept the ROK-style light-water reactors and if it proves difficult to implement the DPRK-U.S. Geneva agreement.

It was learned that the government will allow businessmen to visit Pyongyang before 21 April, the day North Korea promised to sign an agreement on supplying light-water reactors in accordance with the Geneva agreement, but has asked businessman to refrain from visiting the North.

The government has taken issue with the bribery scandals involving businessmen who recently visited Pyongyang and North Korean economic cooperation authorities, as well as their agreement for vast investments that surpass the limit of the government's approval. Therefore, it has given enterprises an administrative guideline so they can refrain from being over-competitive as regards North-South economic cooperation.

A relevant government official stated: "Because measures have been taken to reactivate North-South economic cooperation, it is natural the measures will be scrapped if something goes wrong in implementing the Geneva agreement."

However, the official stated: "If North Korea accepts ROK-style light-water reactors and signs an agreement on supplying light-water reactors after 21 April, the ROK will again allow businessmen to visit Pyongyang." He added: "This is pursuant to the government's existing policy to link the nuclear issue with economic cooperation."

Supply of ROK-Type Nuclear Reactor Stressed

SK0203072595 Seoul YONHAP in English 0702 GMT 2 Mar 95

[FBIS Transcribed Text] Washington, March 1 (YONHAP)—Choe Tong-chin, chief of South Korea's office of planning for the light-water reactor project, said Wednesday that South Korea, the United States and Japan have already agreed to supply the South Korean standard model light-water nuclear reactors to North Korea.

At the interview he had shortly after arriving at the airport here, Choe denied the report that South Korean reactors will be supplied under a U.S. brand.

"The expression 'South Korean model' will be specified in a proper way in the agreement for the establishment of the KEDO [Korean Energy Development Organization]," he said.

But in view of the practical difficulty in supervising the technical aspects of the construction work, the KEDO could study ways to hire a U.S. company as program coordinator.

Choe is scheduled to participate in discussions with U.S. and Japanese nuclear ambassadors—Robert Gallucci and Detsuya Endo—to wind up preparations in two days to set up the KEDO next week.

The three major member countries of KEDO invited potential KEDO member countries to New York to hold the preparatory meeting on March 7-8 before signing the agreement on KEDO establishment on March 9.

Choe said that more than 20 countries have been invited there but "It is still uncertain how many of them will actually become members."

The three major members will sign the agreement first, and after that, other countries will only have to submit letters of intention to KEDO to join the international consortium that will supply light-water reactors to North Korea in return for the freezing of its nuclear development program.

The United States will most likely take the post of executive director of the KEDO, while both South Korea and Japan will assume deputy executive directorships.

But since the meeting in New York is not an inaugural general assembly but a meeting for the three major KEDO members to sign the agreement, they will not elect executive or deputy executive directors there, sources here said.

President on Relations With DPRK, U.S., Army

BR0103160495 Paris LE FIGARO in French 1 Mar 95 p 4

[Interview with South Korean President Kim Jong-sam by Thierry Desjardins in Seoul; date not given: "Kim Jong-sam Wants To 'Do Everything Possible' To Dialogue With the North"]

[FBIS Translated Excerpt] [Passage omitted] [Desjardins] The Army has always played a key role in Korean political life. When you succeeded President General No Tae-u, a number of generals did not hide their concern at seeing a civilian moving into the Blue House. How are things now between you and the Army?

[Yong-sam] It is true that in my eyes there was a major problem. I have always believed that the Army should not dominate political life in my country. Everyone knew, and I knew that everyone knew. Therefore, as soon as I became president I took all the necessary steps to ensure the dismissal of those members of the military who had been involved in attempted or planned coups. The Army should defend the country, and that is even more important in Korea than in other countries. We have 650,000 full-time soldiers in our Army. It appeared to me to be unacceptable that leading these men were

officers who had little respect for democracy or the choices made by the Korean people. Therefore some of them had to leave and I myself appointed generals whom I believe are very loyal to replace them.

[Desjardins] If the Army is so important it is above all because of North Korea. What hopes do you have of holding talks with Pyongyang? Did the death of Kim Il-song change anything?

[Yong-sam] I have always been very much in favor of dialogue with the North. Do not forget that we are a single people, in the North and in the South. One day negotiations must begin in earnest and achieve something. Kim Il-song and I had both agreed to meet in a summit which would most probably have been the opportunity to begin important discussions. However, Kim Il-song died two weeks before the summit. Incidentally, nobody informed me of his death. I merely received a message from Pyongyang saying that given the "absence" of Kim Il-song, the summit had been postponed to a later date.

Since then we have heard nothing, received no signs. We do not really know what is happening in the North at the moment. They have not yet officially chosen Kim Il-song's successor, or at least his son Kim Chong-Il was not appointed in the normal way. Therefore things are a bit complicated for them at the moment.

What is certain and more important than anything else is the fact that the regime in the North no longer has either the protection or the assistance of the Soviets or the Eastern Bloc countries. Therefore everything has changed for them just as the face of the world is changing. They must therefore do something and we are determined to do everything possible to ensure that talks start properly. As soon as Kim Il-song's successor has been appointed then I am convinced that we can start to do great things. The ball is in their court now.

What surprises me slightly is the fact that, a few weeks ago, the North began its criticism of us again despite agreements that were signed by the two prime ministers, ours and theirs in the North. We will not reply to their criticisms so as not to embitter the situation.

[Desjardins] The United States has started talks with the North. Are you worried by the Washington-Pyongyang dialogue?

[Yong-sam] Not at all. On the contrary, this dialogue between our U.S. friends and the North is essential. We are the first to welcome it. North Korea must certainly not be completely cut off from the rest of the world because that would risk its retreating into its shell totally. We trust Washington implicitly. The U.S. State Department keeps us fully informed of all discussions and of the slightest changes. My friend Clinton often calls me. [passage omitted]

[Desjardins] You are about to embark on a major European tour. After Paris you will be going to Prague, Copenhagen, Brussels, Bonn, and so forth.

[Yong-sam] Yes, but first to Paris. France is currently EU president and the EU is the world's largest economic bloc.

For us who have so far worked mostly with the United States and Japan, Europe is our chance for the future. However, France is not only the current EU president, it also is a special place for us. Francois Mitterrand visited Seoul in 1993. I am now returning his friendly visit.

My trip to Paris is of course for economic, technological, and political reasons, but it is also a cultural visit. I have always been convinced that France and Korea have massive potential for cooperation. I would like us to realize this potential now and I think that certain friends of Korea in France share my hopes and my convictions.

U.S. 'Unable' To Meet Embassy Site Deadline

SK0203043595 Seoul *HANGUK ILBO* in Korean 2 Mar 95 p 2

[FBIS Translated Text] It was learned on 1 March that the United States is demanding the privilege of changing the use of the former Kyonggi Girls' High School site which is the expected site for its new embassy building, while still refusing to hand over the present site of the U.S. Embassy at Sejong-ro, Seoul, which is soon to be returned to our government.

Government officials stated that the United States signed a contract with Seoul in 1990 to exchange the sites of the present U.S. Embassy building and the U.S. Cultural Center at Ulchi-ro with the site where Kyonggi Girls' High School used to be. According to the contract, the United States is supposed to return the sites for its embassy and cultural center in Seoul to our side by 1995. However, the United States has reportedly conveyed that it is unable to deliver the sites within the deadline because it has yet to set aside budgeting for a new embassy building, and is unable to pay the rent for the sites of the present embassy and cultural center buildings.

The United States also expressed its intention to sell the former Kyonggi Girls' High School site to build a new embassy building at the site of its embassy staff's lodgings at Songhyon-tong, Chongno-ku, Seoul, and is asking to change the use of the former Kyonggi Girls' High School site, which is designated as a residential district, to a commercial district.

Asks for 'Preferential' Steps

SK0203055095 Seoul *YONHAP* in English 0422 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—The United States has asked South Korea to take preferential administrative steps in regard to its plans for constructing a new embassy building in Seoul, it was learned Thursday.

The request calls for changing the site of the former Kyonggi Girls' High School, for which the United States swapped the U.S. Information Service site downtown Seoul with the Seoul city government to build a new embassy, into a commercial lot from a residential one in an attempt to sell it for a lucrative price, a Foreign Ministry official said.

The request was conveyed to the Foreign Ministry by Minister-Counselor Charles Kartman of the U.S. Embassy, according to the official.

The United States reportedly plans to construct its new embassy building at its embassy staff residential area in Songhyon-tong, Chongno-ku, Seoul, where the height of buildings is limited.

The United States has accordingly also requested that the building height restrictions at the staff quarters be removed.

In response to the U.S. request, the Foreign Ministry has asked the Seoul city administration if it will be possible to change the use of the site of former Kyonggi Girls' High School and the staff quarters area in Songhyon-tong, and remove building height restrictions at the latter site, the official said.

U.S. 'Enormous Profit' Possible

SK0203062795 Seoul YONHAP in English 0532 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—The United States is reportedly refusing to relinquish its embassy building to the South Korean Government unless the Seoul government allows the United States to sell the high school site in downtown Seoul, where it was supposed to build its new embassy and cultural center buildings in exchange for its current embassy building under a bilateral agreement in 1990.

Officials of the Ministry of Foreign Affairs, however, would not confirm or deny the reports, just saying, "the ministry has been contacting the U.S. Embassy to solve the remaining issues between the two countries on properties used by the United States for free."

"We are trying to accept the U.S. demand because we want an early and smooth solution of the issue not only from a legal viewpoint but also for maintaining bilateral friendly relations," said O Yun-kyong, director general of the ministry's Treaties Bureau, strongly hinting that the ministry is trying hard to persuade other government agencies including the Seoul city administration to accept the demands by the U.S. Embassy on the use of properties in six separate places in Seoul and other provincial cities.

Local reports said that the U.S. Embassy demanded that the Seoul Government allow the sale of the former Kyonggi Girls' High School site so the U.S. could build its new embassy building in the residential area of the

U.S. Embassy staff in Songhyon-tong, Chongno-ku, downtown Seoul, with the proceeds from the sale.

The United States also called on the Foreign Ministry to ease height restrictions imposed on the U.S. Embassy staff residential building and the girls' high school under Seoul city construction laws, so the U.S. Embassy and the buyer of the high school site could build high-rise buildings, according to the report.

The U.S. Embassy could make an enormous profit if the high-school site is designated as a commercial zone from the current residential area.

The 1990 agreement between the two countries on the U.S. real estate here for free use calls for the U.S. Embassy to build a new embassy building in the high-school site and move to the new building by the end of 1995.

The Board of Audit and Inspection (BAI) has notified on a number of occasions over the past several years that relevant government agencies should collect rent for the properties used by the U.S. Government here.

Neither the Ministry of Foreign Affairs nor the Ministry of Culture and Sports, which has the legal right for the U.S. Embassy site here, has so far taken action to follow the bai instruction.

Among the South Korean properties used for free by the U.S. Government are the U.S. Embassy site (2,005 pyong; one pyong equals 3.3 square meters) in Sejongno, Chongno-ku, the residential site (71,029 pyong) in the U.S. Military Compound in Yongsan, central Seoul, for U.S. Embassy staff, office sites (6,212 pyong) for the U.S. Embassy in the Yongsan Compound and three other sites in Pusan and Kwangju for U.S. Cultural Centers and residential areas, according to the Ministry of Foreign Affairs.

U.S. Communication Market 'Demands' Denounced

SK0203094095 Seoul TONG-A ILBO in Korean 2 Mar 95 p 4

[From the "Reporter's Eye" column by Kim Hak-chin: "U.S. Pressure on Communications Ignores Procedures"]

[FBIS Translated Text] The U.S. Trade Representative has recently pressured the ROK Government to open its communication markets. This is intended to forcibly persuade the ROK to open its communication markets, ignoring common sense and procedures.

Christina Lund, director-general of the U.S. Trade Representative for Korean Affairs, visited the Ministry of Information and Communications on 28 February and set a deadline for negotiations before the end of March, calling upon the government to revise procedures for

specification approval to allow the U.S. AT&T company to sell the new-model electronic exchanger in Korean markets.

The U.S. side stated: "The new-model electronic exchanger 5ESS2000 is an improved model of the previous 5ESS model. Therefore, it is not necessary to go through procedures for specification approval. Nevertheless, the ROK Government has called upon the U.S. company to go through the procedures for specification approval. The U.S. company, therefore, will not be able to participate in bids by Korea Telecommunications this year." It also stressed that "the AT&T company is facing disadvantages compared to ROK enterprises."

However, an official in the electronic exchanger business field stated: "The new model exchanger developed by the AT&T company can be completely classified, even in the United States, as a new model, with next-generation functions in telecommunication services. Even if it is an improved model, it should go through the procedures for specification approval at least for a year because it will be used by the state for basic communication network purposes. This is the practice of most countries."

The AT&T company has so far received special privileges rather than "disadvantages" in domestic markets compared to ROK enterprises. Due to U.S. pressure to open communication markets, the government allowed the AT&T company to sell the exchanger in ROK markets in 1992 and, also, decided to exclude it from specification approval under the pretext that it has experience in jointly producing the 5ESS model with the cooperation of LG Information and Communication. Also, for over the past two years, even ignoring the account regulations of the Ministry of Finance, the government has allowed the company to submit one estimate [kyonjokso] as a bidding document. Domestic enterprises submit several hundreds of documents when they apply for the bid. Thanks to this privilege, AT&T accounted for 22 percent of the domestic electronic exchanger market last year.

What about the procedures for specification approval in the United States? Over the past three years, the Swedish (Ericson) Company has spent several hundred million won for specification approval by AT&T Bellcore in an attempt to advance into U.S. markets.

Even the United States recognized the present procedures for specification approval during the ROK-U.S. communication negotiations held three years ago. The government should remember that U.S. unreasonable demands originate from its unprincipled position in dealing with pending issues between the ROK and the United States whenever they occur.

Police Blamed for Order on U.S. Soldiers' Crimes
SK0203113595 Seoul KYONGHYANG SINMUN in
Korean 28 Feb 95 p 3

[Editorial: "Police, Who Conceal Crimes Committed by U.S. Military Soldiers"]

[FBIS Translated Text] Which country's citizens do our police serve? It has been learned that the National Police Agency has given a directive to frontline police agencies across the country never to report to the public crimes committed by military soldiers or civilian employees of the U.S. Forces in the ROK. This shows once again the nature of our policy, which is said to be playing the role of strong man against ROK citizens while playing the weakling against foreigners.

Moreover, we cannot help but be more surprised to learn the fact that such a directive has been issued at the request of the Information Office of the ROK-U.S. Combined Forces Command [CFC]. It appeared to be a request, but its contents indicate that such a request only enumerated unilateral directives that did not consider the dignity of law enforcement authorities of a sovereign state. The request implicitly asked that crimes committed by U.S. military soldiers be kept confidential, regardless of the cause or nature of such crimes, and that prior approval should be obtained from the U.S. military to report such crimes to the public.

The problem is that the contents, which can never be acceptable to the law enforcement authorities of a sovereign state, were accepted by the National Police Agency, and conveyed, as they were, to police agencies throughout the country. Such a matter should not have been dealt with by the National Police Agency. The principle about investigation of foreign criminals or the question of the application of exceptions for such criminals is related to rules and regulations on the treatment of criminals, a matter that should be discussed between countries. Accordingly, such a matter should have been discussed by the authorities concerned, such as the Ministry of Justice, the Ministry of Foreign Affairs, and the Ministry of National Defense.

This notwithstanding, on the basis of its own judgment, the National Police Agency accepted such a request and issued a directive to frontline police agencies across the country. This is really a big problem. We have already been placed under circumstances in which five minor offense or felony cases are committed by U.S. military soldiers every day; and such offenses are causing a big social problem. The police should first have prudently examined the appropriateness of such a request. In particular, the ratio of our side's exercise of sovereignty over cases involving U.S. military criminals is a mere 1.4 percent, thereby causing endless complaints and controversy. This issue raised under these circumstances is not at all conducive to the traditional friendly relationship between the ROK and the United States.

The question as to whether to disclose personal information or the crime itself of U.S. military soldiers should be left to the judgment of our prosecution, police, and courts. This is not a matter for the ROK-U.S. CFC to issue a guideline to control. Among other things, the ROK-U.S. CFC requested that the ROK police refrain from disclosing suspects' personal information to protect

the human rights of the suspects who have not yet been convicted. This is a matter that it would be worthwhile for our police to consider deeply.

At this juncture, our police should boldly eliminate their own evil practice of infringing upon suspects' human rights by disclosing information about suspects in the initial stage of investigation. Now is also the time for the police to reflect if their backward, evil investigatory practices might have led the outside force to meddle in their affairs, as seen in the latest incident.

Kim Chol-su 'Considering' More WTO Campaigning

SK0203072295 Seoul YONHAP in English 0540 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—Trade Ambassador Kim Chol-su may soon embark on another round of tours to North and South American countries in an effort to attract support for his bid to become the first director general of the World Trade Organization (WTO), as Mexico's Carlos Salinas withdrew Wednesday [1 March] from the three-way race for the WTO chief post, according to officials of the Ministry of Foreign Affairs Thursday.

Kim had toured several South and Central American countries and the United States, which were strong supporters of Salinas, late January.

"Kim is considering more campaigning in the United States and Central and South American countries because he thinks the withdrawal of Salinas could positively affect his efforts to becoming the first WTO director general," said the officials.

They had hoped that the United States would throw its support to Kim once Salinas withdrew. "It's understandable that the United States supported Salinas of Mexico because of the special relationship between the two neighboring countries, but it will be very natural for it to support its traditional ally South Korea (in the competition for the WTO chief post) since Salinas withdrew."

They also said that the ministry has long been preparing for the possibility of Salinas withdrawing from the race.

"The competition now entered a new phase and what matters is the position of the United States," said the officials.

Admitting that Kim is not likely to win the race by a margin of votes considering Renato Ruggiero of Italy won 58 votes and Kim 29 votes in an unofficial "straw vote" at the WTO headquarters in Geneva last month, the officials said that they will focus on drawing support from the United States and South and Central American countries.

Noting that the selection of WTO chief will be made not through elections but through a consensus, they said that

Kim will take the upper hand in the two-way competition when he has secured backing from the Asian and the American continents compared with Ruggiero's Europe and Africa.

The United States alone can change the direction of the competition process in consideration of its power in the world community and, moreover, the fact that Europeans now control major world economic bodies including the Organization for Economic Cooperation and Development (OECD) and International Monetary Fund (IMF), they said. "Americans will not let the Europeans dominate all the world's economic bodies."

Salinas officially expressed his willingness Wednesday to withdraw from the race for the WTO head job just after the Mexican authorities arrested his brother for allegedly masterminding the assassination of Carlos Salinas' political rival when Salinas was in power last year.

Kim Yong-sam Departs for 2-Week European Tour

SK0203021995 Seoul YONHAP in English 0156 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—President Kim Yong-sam left for Paris aboard a special plane Thursday [2 March] morning on a two-week six-country European tour.

During the trip, he will hold a summit meeting with French President Francois Mitterrand, Czech President Vaclav Havel, German Chancellor Helmut Kohl, British Prime Minister John Major and Belgian Prime Minister Jean-Luc Dehaene, respectively, to discuss increasing bilateral economic cooperation and solicit their support in South Korea's bids to become a non-permanent member of the UN Security Council and join the Organization for Economic Cooperation and Development (OECD).

In Paris, Presidents Kim and Mitterrand will discuss enhancing bilateral cooperation in trade, investment and science and technology and the French commitment to return to South Korea the books the French Navy seized from a royal library of the Chosun Dynasty in the late 19th century, among other things.

Kim will attend the two-day World Summit for social Development opening in Copenhagen, Denmark, on March 11 to deliver a speech on South Korea's development experience in the past several decades. In this speech, he will promise that South Korea will play a positive role in international cooperation programs for social development as a coordinator for national interests of both developed and developing countries.

During the world summit, he will host a dinner for leaders of 10 to 20 nations participating in the summit to solicit their support in South Korea's bid to become a non-permanent member of the UN Security Council and

in its efforts to resume the suspended inter-Korean dialogue and achieve Korean reunification.

Kim will also push for concluding a basic cooperation pact with the European Union (EU) and related pacts with the nations he is visiting, in order to increase political and economic relations with the EU.

In his departure speech at Seoul Airport, Kim said that at the Copenhagen World Summit he would introduce the nation's development experience to world leaders and declare that South Korea is willing to cooperate with those countries which "need our experience."

Stressing the need for the nation to increase relations with European countries, he said he would seek to enhance cooperation with these countries in trade, science and technology and culture during his trip.

Studying the German reunification and Europe's economic and political integration will furnish much information "to us in our effort to bring about a unification era," he remarked.

Accompanying President Kim as members of an unofficial entourage are 63 business leaders, including Chairman Choe Chong-hyon of the Federation of Korean Industries, Hyundai Group Chairman Chong Se-Yong and Daewoo Group Chairman Kim U-chung.

Business Leaders Accompany Kim

SK0203084895 Seoul YONHAP in English 0745 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—South Korea's top business leaders accompanying President Kim Yong-sam on his two-week tour of six European countries are scheduled to discuss with their European counterparts ways of promoting bilateral trade, industrial and technological cooperation and issuing joint communique in three countries.

The 63-member group of businessmen, including Choe Chong-hyon, chairman of the Federation of Korean Industries, left for Europe Wednesday, one day ahead of the chief executive and his official entourage.

In Paris, they are to hold a joint session of the Korea-France high-level businessmen's club at the Gabriel Pavilion Friday to discuss South Korea's investments in France and joint research in high-tech industries, and the adoption of a joint communique will follow, according to business sources.

To attend the session are Chairman Kim Sok-won of the Ssangyong business group who also chairs the businessmen's club, Chairman Pae Sun-hun of Daewoo Electronics Co., President Pak Su-hwan of LG International Corp., President Yi Tae-won of Samsung Aerospace Industries Ltd., and Vice Chairman Kim Kwang-hyon of the Jinro Group.

In Koeln, Germany, business leaders from the two countries are slated to attend a seminar at the federation of German industries building next Monday and discuss means of expanding bilateral business relations including joint advances to third countries. They are also to issue a joint statement upon the conclusion of the meeting.

The Korea-Germany economic cooperation gathering will include President Ku Cha-hong of LG Electronics Inc., who also chairs the Korea-Germany Economic Council, President Choe Chong-in of Doosan Corp., President Pak Se-yong of Hyundai Corp., President Song Yong-su of Hanjin Heavy Industries Co., and Chairman Yi Yong-tae of Sambo Computer Co. International Trade and Industry Minister Pak Chae-yun is to also attend the meeting.

A joint session of the Korea-British Business Promotion Committee is to be held at the confederation of British industries headquarters in London next Thursday to discuss trends in the international financial and capital markets, expansion of the European Union and ways to expand bilateral economic cooperation. A joint communique is expected to be issued after the meeting.

Chairman Chong Se-yong of the Hyundai group who chairs the Korea-British Business Promotion Committee, Chairman Kim Man-che of Pohang Iron and Steel Co., President Chae Hui-kyong of Sammi Co., President Kim Mu of Anam Semiconductor Co., and President Kim Chang-hui of Daewoo Securities Co. are expected to attend the London meeting. International Trade and Industry Minister Pak is to attend this meeting as well, which will also adopt a joint communique.

In Belgium and the Czech Republic, executives of individual business groups including Samsung and Daewoo are scheduled to sign project contracts and hold presentation events.

Text of EU-Seoul Joint Communique

SK0203114595 Seoul YONHAP in English 1138 GMT 2 Mar 95

[FBIS Transcribed Text] Paris, March 2 (YONHAP)—Following is the full text of the joint communique adopted between the presidency of the Council of the European Union and South Korea Thursday:

1. On the occasion of the official visit of His Excellency Mr. Kim Yong-sam, president of the Republic of Korea, the presidency of the Council of the European Union and the Republic of Korea

—have in mind the progress already made, especially in the economic and trade areas,

—also, have in mind the growing importance of both parties in the international arena, express their determination to strengthen and intensify their mutual relations especially in the political, economic, technological and cultural fields.

2. Both parties will draw inspiration from their common values and aspirations and will aim at:

- underlining their common commitment to democracy and the respect of human rights, and their devotion to the preservation of peace and the establishment of a just and stable international order in conformity with the United Nations charter,
- reinforcing their common interest for a closer cooperation and reaffirming their commitment to faithfully implement the undertakings made in the world trade organization,
- exchanging views necessary for better mutual understanding,
- developing mutual understanding, increasing cooperation and working to define the areas of agreement on international matters, in particular, regarding non-proliferation and disarmament, combatting terrorism, drug trafficking and money-laundering, and other areas affecting international peace and stability.

3. In this respect, the two parties view with satisfaction the imminent opening of negotiations for a framework agreement on trade and cooperation and for a joint declaration establishing a strengthened political dialogue in order to establish durable links of solidarity and new forms of cooperation and stress their determination to complete these negotiations as soon as possible.

Kinkel: Germany Considering Joining KEDO

SK0203040195 Seoul YONHAP in English 0332 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—Germany is studying the possibility of participating in the Korean Peninsula Energy Development Organization (KEDO), the German Foreign Minister said Thursday.

In an exclusive written interview with YONHAP prior to South Korean President Kim Yong-sam's official visit to Germany slated for next week, Minister Klaus Kinkel said that the German Government will decide whether or not to take part in the KEDO, after closely consulting member countries of the European Union, as the issue is related to all Europeans.

KEDO is an international consortium tasked with supplying light-water nuclear reactors to North Korea in return for the freezing of its nuclear development program.

North Korea is insisting that it will not accept South Korean standard light-water reactors, reportedly showing an interest in German models instead.

"The issue of which type of light-water reactors should be supplied will have to be discussed between and among

the negotiating parties. According to the information I have, a South Korean enterprise will become a main supplier," he said.

However, he added that a German enterprise could be interested in offering the reactor operation and safety checking technology.

Commenting on the Geneva nuclear agreement between the United States and North Korea, Kinkel said that the accord must be perfectly implemented now.

"The agreement is a step towards the solution of the crisis caused by the North Korean nuclear problem, as well as the improvement of the security situation in the region," he noted.

Asked to explain the circumstances of Germany's bid to become a permanent member of the United Nations Security Council, Kinkel said, "If Germany is to assume more responsibility (in the international arena) commensurate with its size and national strength, it must have a permanent membership in the UNSC... It is linked to the interests of other members of the world body as well."

Kinkel said Germany was welcoming South Korea's bid to expand its role in the international arena.

"South Korea's bid to take more responsibility in international issues is in conformity with a former South Korean trade-industry minister's effort to become director-general of the World Trade Organization and South Korea's effort to become a non-permanent member of the UNSC."

He also observed that South Korea's application for its membership in the Organization for Economic Cooperation and Development (OECD) will be made at "an appropriate time."

On President Kim Yong-sam's drive for globalization, Kinkel said that the globalization for South Korea as well as Germany means taking more responsibility in international affairs, adding that globalization is also necessary for Germany.

"Globalization is not limited only to politics and diplomacy but also includes opening the economy and culture. The globalization of South Korean-German economic relations means competition and cooperation between the two industrialized nations."

He hoped that the unification of South and North Korea will be realized in peace and freedom as soon as possible.

President Urges Local Election Law Revision

SK0203000995 Seoul YONHAP in English 1250 GMT 1 Mar 95

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—President Kim Yong-sam strongly suggested Wednesday that his administration will amend the local election laws prior to the nationwide June 27 local elections.

The chief executive made the suggestion when he bitterly criticized the opposition's rejection of proposed bipartisan negotiations to revise the local election laws and stressed "majority rule is a principle of democracy."

Referring to the major opposition Democratic Party's (DP) objection to the proposed revisions, Kim said, "the opposition's blocking of a legislative bill by force used to be a means of struggle against the past military dictatorship. If such a practice still remains in this democratic era, it cannot but be a problem."

The ruling Democratic Liberal Party (DLP) has proposed, among other things, that political parties be banned from fielding candidates for administrative heads and councilmen of small cities, counties and wards.

The president made the remarks in an interview with the mass-circulation daily CHOSUN ILBO on the occasion of the newspaper's 75th anniversary of foundation.

Reaffirming that the local elections will be held in June as scheduled, the president said, "it is desirable for the political arena to debate and deal with what can be done before the elections and what should be done over a long period of time."

Kim emphasized that there is still enough time to amend the local election laws through bipartisan negotiations by saying, "still four months remain before the elections."

Kim also indicated an intent to meet with DP President Yi Ki-tack to discuss pending political issues when he said, "there will be an opportunity at an appropriate time."

As to ruling party candidates for heads of local autonomous bodies, the president expressed preference of administrators to politicians.

Referring to the issue of light-water nuclear reactors to be provided to North Korea, Kim had this to say, "South Korea and the United States have firmly agreed that there will be no alternatives except South Korean model light-water reactors. We can make no concessions."

If Pyongyang completes formal succession to power, the head of state said that the government will "promote forward-looking policy toward the North, adhering to principles" to improve inter-Korean relations.

Touching on policies to business conglomerates, the president said, "the government will ease the concentration of economic power and promote dispersion of ownership under the fair trade law and through taxation. But never has the government directly intervened in the process of easing chaebol's concentration of economic might or diversion of their ownership, nor will it do so in future."

Kim also referred to the controversial opening of the market to Japan's mass culture and said, "I don't think

now is appropriate to do so. Procedures to that end should be undertaken step-by-step and gradually over a considerable period of time."

Commission: Growth in Unfair Business Practices
SK0203035095 Seoul *THE KOREA TIMES* in English
2 Mar 95 p 8

[By staff reporter Cho Chae-hyon]

[FBIS Transcribed Text] Unfair business practices discovered and acted on by the Fair Trade Commission [FTC] continue to grow. The FTC said yesterday that it checked 886 instances of unfair business practice in 1994, up from 816 the year before.

Of the rule-breaking, 220 cases involved contracts between subcontractors and prime contractors, 173 advertisements, 83 sales contracts with customers and 62 the abuse of superior positions, the FTC said.

The FTC filed complaints with prosecutors in 13 cases in 1994, an increase over the 8 in both 1993 and 1992, and 10 in 1991. It ordered wrongs in 261 cases to be redressed. The remaining 612 cases were settled either through warnings or suggestions.

Last year, there were notifications of 195 affiliations or mergers between enterprises to the FTC in 1994, an increase over the 123 in 1993, 149 in 1992 and 154 in 1991.

The FTC rules stipulate that when firms with paid-in capital of more than 5 billion won and total assets worth more than 20 billion won merge or affiliate with other firms, they must notify the FTC of the fact either after or before the agreement.

Of the 195 strategic alliances, the nation's top 30 conglomerates in terms of assets accounted for 65, an increase over 39 in 1993 and 64 in 1992.

Manufacturing firms were responsible for the majority of the affiliations accounting for 97 or about 60 percent. Wholesale and retail businesses accounted for 35, construction firms 26 and others 37.

The FTC said 97 firms sought affiliations to diversify their business, 59 to improve their financial structure, 13 to rationalize the production process and 15 to improve their distribution structure.

Of the total affiliations, 77 were achieved through acquisition of shares, 55 through establishment of new firms, 48 through mergers and 13 through taking over of managerial rights.

It said the number of subsidiaries affiliated to the top 30 conglomerates increased from the 604 in 1993 to 616 in 1994.

The FTC said a total of 13 affiliations failed to meet the notification deadline requirement and were ordered to make corrections.

And 12 were found to have violated the government's rules aimed at restricting economic concentration, it said.

Last year, the FTC detected 32 cases of irregular collusion among enterprises and ordered them to be corrected, up from 20 in 1993, 20 in 1992 and 12 in 1991.

In addition, the FTC requires firms to notify it in advance when they sign international contracts, including the introduction of foreign technologies and copyrights.

It said international contracts between Korean and foreign firms numbered 768 in 1994. Of the total contracts, the FTC allowed 713 cases and ordered 55 rewritten.

Of the notifications field for the introduction of technologies from foreign nations, 228 were from Japan, 233 from the U.S., 157 from Europe and 13 from other nations.

During the period 1981-1994, unfair contracts between Korean and Japanese firms numbered 1,418. And unfair contracts with U.S. firms amounted [to] 812 during the cited period, it said.

Investment Firm Barred From Financial Services

SK0203073795 Seoul YONHAP in English 0720 GMT 2 Mar 95

[FBIS Transcribed Text] Seoul, March 2 (YONHAP)—The government, dealing with the aftereffect of the Kwangju-based Toksan Group's bankruptcy, decided Thursday to freeze the assets of a group-affiliated short-term financing company until the end of the week.

Under the decision, Chungbuk Investment and Finance Co. is barred from providing its financial services, including deposits, lending, discounting, brokering and securities-underwriting services, during the frozen period.

Finance and Economy Ministry officials said the decision was made because the company defaulted on its debts totaling 8.1 billion won (some 10 million U.S. dollars) last Saturday, just a day after Toksan firms went bust.

Chungbuk has thus become the first short-term financing house to fully suspend all of its financial services, though

for a limited period of time, in the country. Last year, three such houses—Tong-a, Taegu and Hangdo—were ordered to partially suspend their financial services for a limited period of time in violation of the real-name financial transaction system.

The Finance and Economy Ministry also decided to place Chungbuk in the hands of the short-term financing industry's credit management fund to examine the firm's financial situation during the business suspension period.

If the examination reveals the firm has a possibility of resurrection with assistance, it will be allowed to resume its business, paying 20 million to 30 million won to each depositor, while being put up for sale to a financially robust non-Toksan corporation for revival and normalization as a short-term financing business, one of the officials said.

If the examination concludes that the firm has no hope of revival, however, the company will take steps towards liquidation and the creditors will each receive a maximum of 10 million won from the credit management fund plus dividends accruing from the liquidation, if any.

Accounts opened at Chungbuk numbered 4,218 for a total of 122.9 billion won at the end of February, including 2,451 small (less than 10 million won) accounts for 10.2 billion won and 1,767 large (more than 10 million won) accounts for 112.7 billion won.

In a related development, the prosecution will investigate the cause of the Toksan Group's collapse as soon as the office of bank supervision's probe of the group is completed.

The prosecution's investigation will focus on whether the group violated related laws in the course of incurring bankruptcy, officials said.

In particular, prosecutors will look into whether executive officers misappropriated company funds in the group's "rash" business expansion and whether the group dodged taxes, one of them added.

Meanwhile, the Justice Ministry put an exit ban on group chairman Pak Song-sop and Kang Sin-ung and Kim Tong-hu who both stood as guarantors for Tongsan Heavy Industries Co.'s debt at the office of bank supervision's request.

Brunei, Malaysia & Singapore

Malaysia

Fugitive Barings Trader Heading for Germany

*BK0203042795 Hong Kong AFP in English 0414 GMT
2 Mar 95*

[FBIS Transcribed Text] Kuala Lumpur, March 2 (AFP)—A couple believed to be Barings fugitive trader Nick Leeson and his wife Lisa boarded a Royal Brunei flight P1535 Wednesday evening and is now heading for Frankfurt, police and airline officials said Thursday.

A check with a Royal Brunei staff in Kota Kinabalu in eastern Malaysian state of Sabah, where Leeson purchased two tickets, confirmed that the couple were on the flight, which transited Bangkok with the next stop in Dubai, with arrival in Frankfurt at 7:00 a.m. (0600 GMT).

A police source in Sabah said the state police was alerted by a Royal Brunei worker, but long after the couple had bolted.

Singapore

Commercial Department Questions Baring Futures

BK0203034395 Singapore BUSINESS TIMES in English 1 Mar 95 p 1

[Report by Conrad Raj]

[FBIS Transcribed Text] Singapore—The Commercial Affairs Department [CAD] has begun questioning staff of Baring Futures (Singapore) to piece together the events leading to the S [Singapore] \$1.5 billion derivatives loss that wiped out one of Britain's best-known merchant banks.

The interviews follow a complaint lodged on Monday by the London-based Barings merchant bank group alleging possible criminal misconduct by the former general manager of its futures arm, Nick Leeson.

The white-collar crime unit is believed to be investigating whether there was collusion in the alleged fraud and why alarm bells failed to ring at Barings when the Singapore futures arm reported a [Singapore] \$90 million loss at the end of January.

Statements are being taken from Barings Futures staff, some of whom have engaged lawyers.

Among those said to have been interviewed yesterday was Barings' regional managing director, James Bax, who was Leeson's nominal boss in Singapore. But Mr. Bax apparently had no control over Leeson who, being Barings' chief futures trader for Asia and North America, reported directly to London.

Leeson joined Baring Securities in London in July 1989 as a settlements clerk and was transferred to Singapore in

April 1992 as a settlements specialist. Within a year, he had become a trader and, before long, chief trader—all the while apparently still also looking after settlements.

CAD officers yesterday searched Leeson's Angullia View apartment, off Orchard Road, leased by Barings. They spent about 45 minutes there.

Reports say the CAD have sought the help of the Malaysian and Thai police in tracking down Leeson, who is believed to have left Singapore on Thursday night.

CAD spokesman Roy Neighbour said yesterday he was in no position to comment.

A Malaysian police spokesman told REUTERS they were acting on an informal request for help from the CAD and that a general alert had been put out for Leeson.

He was last seen checking out of Kuala Lumpur's Regent Hotel on Friday. "Leeson was a walk-in guest," a hotel spokesman told REUTERS. He has since been reported as having fled to Thailand, which has no extradition treaty with Singapore.

An anonymous caller yesterday told BT (BUSINESS TIMES) that Leeson was on his way to Canada via Hong Kong, travelling under an assumed name, John Halls, and with a forged Canadian passport.

Reuters also reported police sources in Kuala Lumpur as saying they were compiling a list of properties in Malaysia said to belong to Leeson. Police are also looking for his car, a Porsche, and a yacht reported to be his.

In Singapore, Leeson's former colleagues described him as a boss who took good care of his staff. For the 1993 financial year, the dozen or so traders and about half a dozen backroom staff received bonuses of 13 months' salary. They were slated to receive an 18-month bonus on Monday or last year's performance, but the bonuses have since been frozen.

Leeson, who enjoyed pub-crawling, is said to have faxed his colleagues to apologise for not being in town to celebrate with them his 28th birthday last Saturday.

"Every other day, the trading floor boys went out with him for drinks," a staff member said.

It was learnt yesterday that it was on one of these occasions that Leeson first got himself in trouble with the law in Singapore.

About five months ago, after a few drinks at a well-known disco in town, he dropped his pants in front of a group of women. When they asked him to apologise, he dared the women to report the matter to the police and handed them his handphone. The women promptly phoned the police and Leeson subsequently found himself before a magistrate and was fined [Singapore] \$200 for indecent exposure.

Minister on New Financial Soundness Measures

BK0103161595 Singapore Radio Corporation of Singapore in English 1400 GMT 1 Mar 95

[FBIS Transcribed Text] In parliament today, [Finance Minister] Dr. Richard Hu touched on the Barings crisis. He gave the assurance that the bankruptcy of the Barings Group has not affected domestic financial institutions, as they have no exposure to the Barings company.

He revealed that following the Barings incident, further steps will be taken to strengthen the financial soundness of SIMEX [Singapore International Monetary Exchange]. Firstly, MAS [Monetary Authority of Singapore] and SIMEX will jointly review SIMEX's rules on business conduct to enhance the monitoring of the risk exposure of member firms. Secondly, SIMEX will appoint experts from the Global Futures Industry to sit on an advisory panel to review and advise the exchange on protecting against similar cases. Thirdly, SIMEX will require the head of member firms to take more precautionary measures and strengthen their oversight over internal control of their futures subsidiaries in Singapore.

And MAS will move to enhance cooperation with overseas futures regulators in order to have better coordination in supervision of financial institutions.

Cambodia

Foreign Donors Hint at Curtailing Aid

BK0103145795 Phnom Penh PHNOM PENH POST in English 24 Feb-9 Mar 95 p 9

[Report by Ker Munthit]

[FBIS Transcribed Text] The government was urged to seriously address issues such as corruption when it met with diplomats and major foreign donors this month.

The United States and Canadian ambassadors gave indications, if not veiled threats, that foreign aid money could be diverted to other countries if Cambodia failed to tackle such issues.

The matter was raised at an International Committee on the Rehabilitation and Reconstruction of Cambodia (ICORC) preparatory meeting in Phnom Penh on February 20.

Diplomats of 19 countries, along with representatives of the United Nations and major loan institutions such as the Asian Development Bank, World Bank and the International Monetary Fund, met with Minister of Finance Keat Chhon to discuss next month's ICORC meeting in Paris.

U.S. Ambassador Charles Twining and his Canadian counter-part Martin Collacott, said the government needed to do more to ensure transparency in its activities.

"I wonder whether the Royal government intends to really air these issues in Paris," Twining told Keat Chhon during the meeting. "I think there is a great deal of concern among donors that this broader issue needs to be treated..."

Twining, after the meeting, told the Post: "We are not threatening to cut our support at this time, but it is true there is a lot of competition for our aid dollars: Palestine, Somalia, Bosnia and other places."

He said it was in the interests of donor countries to continue to support democracy and development in Cambodia, but repeated they were concerned about corruption and transparency in government tendering procedures and the awarding of contracts.

He said he hoped that ICORC would be given "very straightforward" assurances by the government on such matters, to ensure that "corruption is not paramount".

Collacott made similar comments during the meeting. "I would like to know the revenues the Royal Cambodian Government is collecting or should be collecting, where do they go? Some of these issues aren't discussed and clarified."

"I hope the Royal Government can give us the assurances that these issues are being discussed."

Keat Chhon agreed that to deserve more foreign donations, Cambodia had to change its behavior to show good government and transparency.

"We are trying to stop that hemorrhage," he said of corruption.

But he appeared to acknowledge that some in the government were not serious about tackling such issues.

Asked whether he considered some countries were threatening to reduce aid to Cambodia, he said: "I want the word 'threat' to be heard by those bad elements (within the government)."

MOU Signed With Australia on Bridges Project

BK0103150895 Phnom Penh AKP in English 1006 GMT 1 Mar 95

[FBIS Transcribed Text] Phnom Penh AKP March 1—Cambodia signed here yesterday with Australia a memorandum of understanding [MOU] for the Cambodia-Australia bridges project.

Signatories were Cambodian deputy prime minister and minister of public works and transport, Ing Kiet and Australian Ambassador to Cambodia Tony Kevin.

The Australian International Development Bureau (AIDAB) and the Cambodian Ministry of Public Works and Transport (MPWT) have jointly planned and designed the Cambodia-Australia bridges project worth

USD 7,090,000 of which USD 590,000 will be contributed by the Royal Government of Cambodia and the rest by the Australian Government.

The project, which commenced in late July 1994 and will have been completed by January 1998, will be carried out by the Ministry of Public Works and Transport and Kinhill Engineers Pty of Australia appointed by AIDAB.

The project includes:

1. Construction of at least 16 bridges totalling 730 meters in length on main roads in Cambodia including routes 1, 5 and 6.
2. Supply of at least 520 meters of prefabricated steel bridging material from Australia with the balance from Cambodian stock.
3. Strengthening of the [word indistinct] in bridge engineering through the establishment of a bridge design office staffed by Cambodian engineers and technicians.
4. Strengthening of the capacity of the government-owned bridge construction company in bridge construction activities through the supply of construction equipment and training of personnel.
5. Development of the private contracting sector of Cambodia by offering for public tender some of the bridges in the project. Australian contractors will also be invited to join with Cambodian contractors to assist with this.

Khmer Rouge Form Tribunal To 'Convict' U.S.

BK0103153295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Mar 95

[FBIS Translated Text] The Cambodian nation and people wish to declare setting up a tribunal of the Cambodian people and the world's peace-and justice-loving people to convict the United States, including any U.S. president, secretary of state, or commander who is a bogus wise man and arch war criminal involved directly or indirectly in the war to kill the Cambodian nation and people and who wants to punish the Cambodian patriots.

1. The United States, which is the arch bandit and aggressor killing the Cambodian nation and people, the arch aggressor and gendarme, and the world's arch coup leader, pretends to be a wise man and wants to convict the Cambodian patriots.
2. The Cambodian nation and people have decided to set up a tribunal of the Cambodian people and the world's peace-and justice-loving people to convict the U.S. arch war criminal. Any U.S. president, secretary of state, or commander who come and get involved directly or indirectly in the war to kill the Cambodian nation and people must be convicted.

3. Related documents to condemn them as arch assassins, arch war criminals, and human destroyers have already been compiled.

Khmer Rouge on French Troops in Kompong Thom

BK0203072795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Mar 95

[FBIS Translated Text] According to the people, a group of French soldiers are in panic in Kompong Thom because Route 12 and Route 6 have been completely cut off for several months. They are in panic also because the guerrilla force they have set up is being depleted.

Since the beginning of the 17th dry season, the war mongering allies, particularly, the United States, have selected a number of puppet soldiers—those who are cruel and who eat the people's liver—to set up a group named the guerrilla force. One plan after another to attack the people and Democratic Kampuchea on the battlefields in Preah Vihear, Siem Reap, and Oddar Meanchey have been carried out. However, whatever plans they had carried out for over four months have failed. Almost all members of the guerrilla force have either died or been wounded.

In such a humiliating situation, the French are panicking and have dispatched a group of French soldiers to Kompong Thom. The main task of these troops is to try to open up Route 12 and Route 6 to help save those troops in Preah Vihear from being completely annihilated.

However, even if the fathers of the French were dispatched, they cannot help to open these routes. When UNTAC [UN Transitional Authority in Cambodia] was here, it also failed to do so. Efforts in previous dry seasons have also failed. Now, it is even more difficult. Even the motorcycles of two-headed soldiers are blown up and their riders killed every day, let alone vehicles and tanks.

Route 6 has been completely cut off for more than seven months. No one dares to move. If the long-nosed French guys think they are smart, do not stay in Kompong Thom. Let them go to Route 12 and Route 6 and have a taste of poisoned stakes.

The people say that one day blood will ooze from every pore of these guys and their faces will darken. They will die a cheap death in the jungle. This will serve the ringleaders and war criminals right. This will open their eyes.

Khmer Rouge Blame Army for Attack on Thais

BK0103153795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Mar 95

[FBIS Translated Text] On 28 February, [General] Prum Samen ordered nearly 100 troops to attack a Thai army

camp at Phnum Ta Prum, west of [name indistinct], killing two Thai soldiers and wounding two others and burning a vehicle. They also captured two Thai soldiers.

They did not only violated Thai territory, but aggressively and insolently killed and captured Thai soldiers at will. This clearly shows the true nature of the puppets under the command of communist Vietnam and an alliance led by the United States. This also demonstrates that the old and new enemies are suffering the most serious defeats on the Preah Vihear and other battlefields.

As they cannot do anything to Democratic Kampuchea, they intruded into Thai territory, killing and capturing Thai troops in the manner of the fascist ringleaders.

This is not only the maneuver of the lackeys of communist Vietnam and the alliance, but also that of the communist Vietnamese and American hooligans, who appoint themselves mighty military superpowers. They show their basest and dirtiest fascist giant faces when they are defeated by the Cambodian people and Democratic Kampuchea.

Indonesia

Suharto, Foreign Minister Meet Iraq's al-Sahhaf

JN0103182495 Baghdad INA in Arabic 1240 GMT 1 Mar 95

[FBIS Translated Text] Jakarta, 1 Mar (INA)— Indonesian President Suharto yesterday received [Iraqi] Foreign Minister Muhammad Sa'id al-Sahhaf, who is currently on a brief visit to Indonesia.

During the meeting, Muhammad Sa'id al-Sahhaf conveyed the greetings of His Excellency President Saddam Husayn to the Indonesian president, as well as his wishes of progress and prosperity to the friendly Indonesian people. President Suharto asked the foreign minister to convey his own greetings and personal wishes of continued good health and happiness to his excellency the president, as well as his wishes of continued progress and prosperity to the Iraqi people.

Muhammad Sa'id al-Sahhaf reviewed with the Indonesian president the committed and cooperative Iraqi stand, as well as developments in the relationship with the UN Security Council [UNSC] in light of Iraq's full implementation of all relevant UNSC resolutions. This, al-Sahhaf added, should allow UNSC members and the Nonaligned Movement's group at the UNSC to adhere to their demand regarding the implementation of Paragraph 22 of Resolution 687, which provides for lifting the sanctions imposed on Iraq.

Earlier yesterday, the foreign minister met with Indonesian Foreign Minister Ali Alatas. Their talks focused on Iraq's cooperation with the UNSC and the UN Special Commission, which is aimed to ensure implementation

of the provisions enshrined in Paragraph 22 of Resolution 687 regarding the need for the UNSC to fulfill its commitments toward Iraq.

Al-Sahhaf informed his Indonesian counterpart that the UN Special Commission has completed its work, and that the commission has to submit its final report in April so that the UNSC may examine the implementation of Paragraph 22 of Resolution 687.

For his part, Ali Alatas reiterated his country's support for the efforts currently under way to revoke the Iraq sanctions. He added that Indonesia believes there is a need to recognize that Iraq has fulfilled its commitments, and that the UNSC must reciprocate with appropriate measures as soon as possible the large strides Iraq has made toward compliance with UNSC resolutions. He also expressed his country's sympathy with the plight of the Iraqi people and noted its efforts to mitigate their suffering caused by the unfair sanctions.

Muhammad Sa'id al-Sahhaf had arrived in Jakarta yesterday morning.

Human Rights Violation Found Liquica Incident

BK0103154495 Jakarta ANTARA in Indonesian 1245 GMT 3 Mar 95

[FBIS Translated Excerpt] Jakarta, 1 Mar (ANTARA)— After conducting investigations in East Timor for several days, the National Human Rights Commission announced that there were human rights violations in the 12 January Liquica incident where six civilians were killed.

Announcing the outcome of the National Human Rights Commission's investigations to local and foreign reporters in Jakarta on Wednesday, Ali Said SH [Master of Law], chairman of the commission said: "The National Human Rights Commission expresses its deep regret over the 12 January incident in Liquica, East Timor that violated human rights."

On the other hand, despite the violation of human rights during the incident, the National Human Rights Commission extended its acknowledgement to the ABRI [Indonesian Armed Forces] leaders who wisely and spontaneously established the Honorary Officers Council (DKP) in an effort to settle the issue in accordance with existing law.

The 36 members of the Honorary Officers Council, appointed by Army Chief General Hartono on 27 February, are headed by Major General Mazuni Syukur.

Ali Said stated that the six noncombatant civilians died during a military operation. They were only suspected of being supporters of the GPK [Security Disturbance Movement] while their true identities and status have yet to be confirmed.

Marzuki Geejian, a member of the National Human Rights Commission who also heads the commission's

investigating team in East Timor, asked whether the six died in an armed clash between the Fretelin's [Revolutionary Front for an Independent East Timor] GPK and the security apparatus. He asked this before the announcement was made to the press.

He added: "I hope all [reporters] can understand all this. Some issues cannot be released to the press before they are submitted to the government."

Ali Said stated that there was concern for the safety of the civilians who were placed in a dangerous situation during the armed conflict which resulted in carnage.

Ali Said added: "Some of the investigations still need to be scrutinized further in connection with the occurrence of unprecedented deaths as a result of the indiscriminate shooting. The result of the investigations by the National Human Rights Commission will be submitted to the president [words indistinct]." [passage omitted]

* Board To Simplify Stock Listing Procedures

95SE0109A Jakarta MERDEKA in Indonesian 19 Jan
95 p 4

[FBIS Translated Text] Jakarta, 18 Jan (MERDEKA)—Beginning in April, "effective statements" by the Capital Market Oversight Board (BAPEPAM) on stock issues will be simplified to facilitate the work of issuers in selling their stocks to the public, without jeopardizing openness.

BAPEPAM Chairman Bacelius Ruru revealed this Wednesday, 18 January, in Jakarta in reply to a reporter's question about the possible elimination of the "final hearing" requirement for the sake of reducing obstacles for potential issuers who want to list on the exchange.

Ruru spoke about this matter in a one-day seminar on the theme "Welcoming the Capital Market Draft Legislation in the Context of Mobilizing Community Funds and Protecting Investors." The seminar was held by Panca Marg. Youth.

He said the simplified "going public" process will still require an issuer to submit final documents before BAPEPAM declares the issue effective because the setting of a "final hearing" is considered necessary.

He said he has found that issuers still present listing documents that inadequately describe issuer responsibilities to the exchange, making it necessary for BAPEPAM to "guide" the issuer until his plan to "go public" is successful.

Ruru also feels that such documents do not describe the responsibilities of professionals involved in the "going public" process.

For that reason, Ruru said, consultations are often held to straighten out many important matters. BAPEPAM is

forced to hold several hearings with potential issuers before the listing documents are declared effective.

"BAPEPAM is actually not a consultant," he said.

He said further that although the Capital Market Law is not yet finalized, that does not mean simplification cannot be introduced because what BAPEPAM does regarding issuers is a single process.

He acknowledged, however, that the simplification process must be supported by the preparedness of other parties, such as the participants in the capital market.

He said further that this simplification will give continued attention to the existing rule, namely that an issue becomes effective after the 45th day following submission of documents to BAPEPAM.

"BAPEPAM will be freer and will have enough time to complete the process if the documents submitted are final," he said.

Final Hearing

Unfortunately, Ruru did not dare to "eliminate" forthrightly the final hearing for examining the documents of potential issuers. His reason was that this new ruling will be regulated by the draft capital market legislation, which is not to be submitted to the DPR [Parliament] until about March.

He said that the final hearing, especially, merely represents a warning to issuers that they must change corporate cultures from closed companies to open ones. In other words, after going public, they are required to give financial reports to investors.

Speaking about developing the capital market, Ruru said that efforts are being made in three phases: short-, medium-, and long-term development.

In the short term, the pressing thing is to pass the draft capital market legislation, followed in the medium term by operational improvements to increase the financial qualifications of domestic securities firms.

In the long term, there will be a strengthening of the structure of regulations related to better standards of openness, professional oversight, investigation techniques, and law enforcement and an introduction of more new capital market instruments.

* Official Optimistic About Stock Market Growth

95SE0109B Jakarta MERDEKA in Indonesian 19 Jan
95 p 4

[FBIS Translated Text] Jakarta, 18 Jan (MERDEKA)—Comparing developments on the Indonesian capital market with those of other regional exchanges, it is conceivable that the Indonesian market will become one of the best in Asia. This is reflected in a report published by Salomon Brothers of the United States.

I.G.P. Ary Suta, chief of the Second Financial Assessments Bureau of BAPEPAM [Capital Market Oversight Board], said that when developments on the Indonesian exchange are viewed from the aspect of "earnings growth," the exchange can compete with other regional exchanges in Asia.

"From the price-earnings ratio (PER) aspect, Salomon Brothers research shows that the PER on the Indonesian exchange in 1995 will be around 15.4, which means that stocks in Indonesia are still cheaper than in other countries," I.G.P. Ary Suta said yesterday in Jakarta in a one-day seminar on "Welcoming the Capital Market Draft Legislation in the Context of Mobilizing Community Funds and Protecting Investors."

Compared with other exchanges, the PER in Indonesia is still low. For example, in 1995 the PER is predicted to be 20 in South Korea and 24 in Thailand.

From the aspect of earnings growth, Salomon Brothers also predicted that the growth of companies listed on the Indonesian exchange will be higher than in other countries. In 1995, earnings growth in Indonesia will be about 20 percent. Earnings growth is expected to be about 17 percent in Hong Kong, 15 percent in Singapore, and 19 percent in Malaysia.

"This means that the earnings growth of public companies in Indonesia will be an average of 20 percent. Thus, quantitatively, companies listed on the exchange have better growth than in other countries," he continued.

Seen in the "Ranking of Potential Index Return in Local Currency and U.S. Dollars," Indonesia holds the highest position for rupiah values. For dollar values, Indonesia has the second position. This means that Indonesia is still above Singapore and Hong Kong.

The aspect that is still low in Indonesia is dividends, which are around 2.2 percent. "We hope that issuers can increase the dividends distributed to stockholders, rather than merely continuing to give bonus shares or dividend shares," Putu [as published] said.

The data cited above shows that Indonesia can be one of the best in Asia. Therefore, the Indonesian exchange is optimistic that the Indonesian capital market will develop rapidly. For that reason, the Indonesian people need to have greater appreciation for the Indonesian exchange.

Putu said on the same occasion that one of the things needed for expanding the Indonesian capital market is protection of investors.

The position of public investors on the capital market is still weak. The resource of investors who take part in the capital market is information. Unlike majority shareholders or company owners who control information, public investors do not get enough access to information on the conditions of companies. "From these conditions comes the principle of openness, which means that

public stockholders get equal treatment in access to information for the sake of better protecting investor interests," he said.

Political Party Explains Member Expulsion

*BK2802132195 Jakarta SUARA KARYA in Indonesian
28 Feb 95 p 1*

[FBIS Translated Excerpt] Jakarta (SUARA KARYA)—While the case of the Functional Group trying to recall its member of parliament [MP] Bambang Warid Kusumo is still unsettled, another "vocal" MP, Dr. Sri Bintang Pamungkas from the United Development Party (PPP), has been asked by his party leader to withdraw. The PPP Central Executive Council [DPP] will submit a letter on the proposal to recall Sri Bintang to President Suharto for a decision. The letter will be sent through the House of Representatives [DPR] leadership on Tuesday.

Sri Bintang has been asked to withdraw for violating party policy and ethics. His expulsion is not related to an incident that he had with Finance Minister Mari'e Muhammad in parliament recently.

Zein Bajeber, chairman of the PPP DPP, told a press conference on 27 February that the decision to recall Sri Bintang was made at the PPP DPP plenary meeting. Twenty-one members attended the meeting. At the meeting, there was intensive debate and a consensus. [passage omitted]

Zein said that the PPP DPP plenary meeting concluded that Sri Bintang failed to observe party regulations. The PPP DPP had given Sri Bintang repeated written warnings since 1993 but he did not show any improvement. "What Sri Bintang did was fully recorded by the PPP DPP," he said. [passage omitted]

Aisyah Amini, chairman of the PPP DPP, said that Sri Bintang's mistake was continuous criticism of the Pancasila state ideology and the 1945 Constitution, as PPP allegiance to the Pancasila and the 1945 Constitution were final.

Tosari Wijaya, secretary general of the PPP DPP, said when contacted yesterday that Sri Bintang had repeatedly made the mistake of disregarding party policy and ethics. He had also ignored warnings from leaders of the PPP faction in parliament. "We have been monitoring Sri Bintang's actions since 1993. We had warned him repeatedly to observe PPP regulations and the declaration adopted at the party's general assembly," he said. [passage omitted]

Based on reports, particularly from the provinces, Sri Bintang continued to repeat his mistakes. [passage omitted]

Philippines

Talks With PRC on Spratlys Set for 19 Mar

BK0203012795 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 1 Feb 95

[FBIS Translated Text] Talks between China and the Philippines regarding conflict on Mischief Reef, which is a part of the Kalayaan Islands, will be held earlier than scheduled. This will be the first matter to be taken up by Foreign Undersecretary Rodolfo Severino in the bilateral consultations which will last for four days from 19 March. The talks had been set for May, but according to the president, this should be carried out earlier in the interest of the two countries. He also said that this matter may not be given much attention when he meets Chinese Premier Li Peng in Denmark while attending the world summit for social development.

Marine Reserve Status Proposed for Spratlys

BK0203090795 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 2 Mar 95

[FBIS Translated Text] The Philippines is set to assert to ASEAN, particularly to those claiming the Spratly Islands, its desire to declare the waters surrounding the islands as a marine reserve. President Ramos authorized Environment Secretary Angel Alcala to discuss the proposal with Foreign Affairs Secretary Roberto Romulo as part of its agenda to be presented during the ASEAN meeting in June.

Alcala explained that if fishing in the region is stopped, it is possible that there will be abundant fish in the region, from which the Philippines, Vietnam, China, Indonesia, Singapore, and Malaysia can benefit. Alcala believes that the tension in the Spratlys, due to the arrest of fishermen illegally fishing in other territories, will thus be reduced.

NDF Promised Safe Conduct for Peace Talks

BK02031995 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 1 Mar 95

[FBIS Translated Text] Ramos stressed that there is no expected negative effect from the safety and immunity agreement forged [with the communists] for the coming peace talks to be held in Belgium. Based on the agreement, the members of the National Democratic Front [NDF] will be given safe conduct passes during the talks, which will protect them from being arrested. The president also said that the sovereignty of the nation has not been compromised for the peacetalks.

[Begin Ramos recording, in English] Our panel did not compromise our constitutional position. [end recording]

Negotiations End on Japanese Credit Package

BK0103154395 Manila BUSINESS WORLD in English 28 Feb 95 p 11

[Report by Micheline R. Millar]

[FBIS Transcribed Text] The Philippine and Japanese Governments last Friday wrapped up negotiations under the 20th yen credit package (YCP). Final commitments under the loan program are expected sometime May or June.

An official of the National Economic and Development Authority (NEDA) told BUSINESS WORLD yesterday that they requested Japan's Overseas Economic Cooperation Fund (OECF) mission last Friday if the Fund can come up with its decision on the 20th YCP before the end of the first semester in time for preparations for the 1996 National Budget.

"The OECF mission was agreeable to our request. During last Friday's meeting, the mission presented the results of its appraisal of 12 out of the 23 proposed projects. But no decision was made and there were no indications whatsoever as to what were approved," the official said.

The Philippines submitted 23 projects worth P[pesos]52.2 billion (\$1.9 billion) for funding under the 20th YCP.

While the Japanese mission did not complain about the proposed projects, they urged the Philippine panel to submit more projects which are within the Katori framework.

The framework was established two years ago and focuses on projects on poverty alleviation, environmental preservation, social infrastructure, agriculture, and agrarian reform.

Out of the 23 projects submitted, 12 were appraised while eight others were studied. The OECF mission thumbed down the remaining three projects with a collective cost of P5.7 billion.

The official explained projects being appraised are those with financing packages already being firmed up. Those under study are still not certain of making it to the appraisal stage.

Historically, once a Japanese mission is dispatched to appraise certain projects, these activities will most likely get the blessing of the Japanese Government.

Among the 12 projects appraised were:

- the Philippine-Japan Friendship Highway Rehabilitation Project II, which includes the detailed design for the alternative routes for the Dalton Pass;
- the Arterial Road Links Development Project II;
- the Rural Roads Network Development Project II;
- improvements in the Power Grid project consisting of the Cluster C and the Mindanao Substation Expansion projects;
- Metro Cebu Development Project III;

- Nationwide Air Navigation Facilities Modernization Project III;
- Maritime Safety Improvement Project I-B;
- Provincial Water Supply Upgrading Project IV; and,
- the Agrarian Reform Infrastructure Support Project.

The eight projects under study are in the land transportation, energy, and water resources subsectors.

The NEDA official said the Philippines can still submit more environmental projects for inclusion under the 20th YCP until May.

Among those being considered is the P406-million Boracay Island Service Infrastructure project, which the OECF is interested in as it fits the requirements of the Katori framework.

The Boracay project involves facilities for water treatment and sewerage, roads and a treatment plant for garbage disposal. Right now, there is no system in the island for disposing garbage, so wastes are just thrown into the sea.

Another project being considered is the Waste-to-Energy Incinerator project by the Metro Manila Authority.

Congressman Espinosa Dies After Manila Ambush

BK2802153195 Hong Kong AFP in English 1515 GMT 28 Feb 95

[FBIS Transcribed Text] Manila, Feb 28 (AFP)—Philippine Congressman Tito Espinosa died here late Tuesday some hours after he was wounded in an ambush by unidentified gunmen, police and doctors said.

Espinosa, who represents the central province of Masbate, received three wounds to the chest and stomach when he was shot outside the Philippine House of Representative and later died in hospital after undergoing emergency surgery, they said.

The legislator's car had stopped at a traffic intersection outside the House compound and near a police station when about three suspects approached and opened fire with .45 caliber pistols, Congressman Roque Abian told radio station DZBB.

Abian said the congressman had just left the session hall after filing a bill on electoral reforms when he was ambushed.

Police said the motive was not yet clear but it could be related to the upcoming May 8 elections for 12 senators and 200 congressmen as well as provincial and town officials.

The campaign period for senators began this month. Candidates for the House as well as for provincial and town positions have yet to file their candidacies.

Congress adjourned Tuesday for the campaign period.

Thailand

Government Backs Limited Europe-Asia Summit

BK0203040095 Bangkok THE NATION in English 2 Mar 95 p a3

[FBIS Transcribed Text] Thailand supports Singapore's proposal for an economic gathering of Asian and European leaders but prefers the number of participants to be limited to ensure fruitful results, Deputy Foreign Minister Surin Phitsuwan said yesterday.

Surin made the comment after a meeting with the Singaporean Ambassador to Thailand Wong Kwok Tun.

According to the minister, the senior officials' meeting of the Association of Southeast Asian Nations (ASEAN) scheduled for March 17-19 will include on its agenda consideration of Singapore's proposal, Surin said.

ASEAN comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Singapore picked up on the proposal, first put forward by France at the World Economic Forum in Singapore last year. The concept was to have such summit gatherings between the EU and ASEAN to discuss economic bonds.

The EU is among ASEAN's seven partners that already have established dialogue with ASEAN at ministerial levels, talks which are to take place every 18 months. The EU has in the past few years, however, lost out to other foreign investors in tapping into the booming ASIAN market, especially Southeast Asia, due to its protectionist trade policy.

ASEAN has not yet decided on the venue, date, participants or a clear objective for the proposed Euro-Asian summit.

Surin said there are differing ideas concerning who should participate in such a gathering—either it should be EU—ASEAN countries, plus Australia and New Zealand, or EU-ASEAN plus India.

"However I'm confident the meeting could take place one day in the future, and it would benefit all the participants," the minister said.

"The initiative has rapidly gained more and more support from many countries. It has come to life, but the details have yet to be discussed," he said, adding that ASEAN countries agreed in principle to the initiative.

Initially, Singapore proposed the Euro-Asia summit be held right after the Fifth ASEAN Summit, scheduled for mid-December in Bangkok, but the idea was withdrawn over objections about back-to-back meetings due to time limitations.

An informed source said yesterday some ASEAN countries, including Indonesia, are worried that such a forum

might become a platform for western countries to discuss issues with China or Japan, diverging from the forum's primary objective, which is to improve economic and investment cooperation between EU and Asia as a whole.

Meanwhile, Surin added that Australia and South Africa will separately host seminars concerning another proposal for a grouping of countries in the Indian Ocean Rim.

Australia will host a seminar in Perth sometime in the middle of the year, in which participants will conduct brainstorming sessions about the Indian Ocean Rim grouping. South Africa will organize a working group meeting in May to discuss the possibility of establishing such a grouping.

Resolution of PRC-U.S. Pirating Dispute Viewed

BK0203060695 Bangkok BANGKOK POST in English 2 Mar 95 p 15

[FBIS Transcribed Text] The resolution of the China-US piracy dispute could bring a flood of counterfeit compact discs into the Thai market, according to Peter Gan, president of the Thai branch of the International Federation of Phonography Industries [IFPI].

While it is still too early to evaluate the impact of the agreement on Thailand, Mr. Gan believes it likely that Chinese producers of fake CDs will release their stocks to neighbouring countries including Thailand.

He said the federation is waiting to see whether Washington can ensure the effective implementation of the agreement. If the US can force China to close down its pirate CD factories, Thailand will benefit in the long run, he said.

But in the short term the number of bogus discs in Thailand could rise.

According to an industry source, compact discs can be produced in China for the equivalent of 20 baht each, and in Vietnam for about twice that amount.

In Thailand, legitimate CDs, which retail for 400 baht or more would be no match for the counterfeits.

The source said most of the counterfeit CDs in Thailand are imported because local pirate producers cannot compete with such cheap products.

Thailand continues to have its own problems, meanwhile with the European Union over pirating of copyright products. The EU has delayed the suspension of its investigation into piracy because reports persist in newspapers there about the spread of counterfeit compact discs in Thailand.

Representatives from the IFPI and the Thai Tape Industries Association have urged Deputy Commerce Minister Kopsak Saphawasu to speed up the promotion of special stickers on copyright products.

The industry also wants the Customs Department to more thoroughly inspect imports of copyright CDs.

Where tapes are concerned the IFPI is reporting some progress. It estimates that pirated cassette tapes accounted for 35-40 percent of sales nationwide last year, down from 50 percent the year before.

KNU Leader Refutes Story on Fall of Manerplaw

BK2602133095 Bangkok THE SUNDAY POST in English 26 Feb 95 p 23

[From the "Letters" column]

[FBIS Transcribed Text] Sir: I would like to make clarification regarding the article "Curtain is coming down on KNU [Karen National Union]" that appeared in the SUNDAY POST (Feb 19).

Regarding the abandoning of "Manerplaw", we don't want to deny that the KNU absolutely has no weaknesses and defects. But as to the idea than General Bo Mya is the sole person responsible for all the consequences, I think it is not a rational way of thinking and fair. In fact, all the Central Committee members must bear responsibility.

The KNU was democratically formed in 1947 and since then, it has based its leadership system strictly on the principle of democratic centralism and collective leadership. The president of the KNU is the most responsible person to guarantee this principle of leadership. Moreover, the KNU is also the leading core for the Karen struggle which represents all the Karen peoples in Burma and has led the national struggle since 1949 up to now.

Actually, the fall of Manerplaw was mainly due to the conspiracy engineered by "Slorc [State Law and Order Restoration Council]" under the long term plan called Myno (Min Yan Naing Operation) using religious beliefs as a stepping stone, which was a Marshall Plan operated secretly and systematically by Slorc to annihilate all the overt and underground democratic organisations all over Burma.

There is absolutely no conflict between the Christians and the Buddhists within KNU.

Regarding the form of struggle to accomplish our national goal armed struggle is not the one that we want to choose. Since the KNU was established in 1947 up to now, it has perpetually upheld the policy to resolve the national problem politically through peaceful means with the ruling Junta.

For this we had already met three times with the successive military regimes. The regimes had always refused to settle the problem politically through peaceful means, instead demanding only for unconditional surrender and continued pursuing the policy of total annihilation towards us; thus leaving us with no option but only to carry on the resistance movement for our national survival.

Saw Ba Thin
General Secretary
Karen National Union

ABSDF Urges UN Protection of Karen Refugees
*PK2702150295 Bangkok BANGKOK POST in English
27 Feb 95 p 6*

[FBIS Transcribed Text] Burmese students yesterday appealed to the United Nations and the international community to ensure all Karen refugees on the Thai side of the border are protected against human rights abuses by the Rangoon junta.

The statement released by the All Burma Students' Democratic Front [ABSDF] said: "We earnestly appeal to the UN and the international community to find a proper solution to the basic problems of mounting insecurity and to see all the refugees on the Thai-Burma border are cared for."

The appeal follows recent forays by State Law and Order Restoration Council's [SLORC] troops on refugee camps in Thai territory. Last Tuesday, Burmese troops attacked five trucks carrying Karen refugees from Mae Pho Tha to a new refugee camp deeper inside Thailand.

Two Karen women, one pregnant, and a Thai driver were killed and 10 other people, including four children, were seriously wounded.

Earlier, troops of the Democratic Kayin (Karen) Buddhist Front [DKBF] abducted a senior Buddhist officer of the Karen National Union [KNU] and five others from the Mae La refugee camp inside Thailand.

The DKBF, a newly-formed breakaway group of former KNU troops, has accused the KNU's Christian-dominated leadership of practicing religious discrimination against Buddhist soldiers who make up about 85 percent of the Karen forces.

The KNU abandoned its last defence stronghold at Kawmura last week to SLORC forces.

The main base at Manerplaw fell to the Burmese with the help of DKBF forces which led the attack on their former headquarters.

The ABSDF also called on the Karen people to be more vigilant and not to fall prey to the "religious trap" which the SLORC was setting up.

Capitalising on the split in the KNU, the SLORC has been exploiting the religious issue to the full as a propaganda tool to encourage more Karen to defect with promises of land and job security.

A statement released from the National Coalition Government of the Union of Burma [NCGUB] also expressed concern for the safety of the Karen refugees.

"The NCGUB is greatly concerned for the safety of the refugees, especially Karen refugees, given the ease with

which the armed SLORC troops can enter refugee camps in Thailand, and urges the Thai Government to provide more security for them," it said.

The parallel Burmese government added that the attack on the five trucks and the deaths of two Karen women and a Thai driver occurred on the same day SLORC army Chief-of-Staff Lt-Gen Tin Oo was visiting Thailand.

Lt-Gen Tin Oo apologised to Army Chief Gen Wimon Wongwanit for the burden caused by SLORC offensives and asked Thailand to send all the refugees back to Burma to help in the "reconstruction of the country".

Deputy Foreign Minister Surin Phitsuwan on Saturday emphasized Thailand's policy of providing humanitarian assistance to those taking temporary refuge in the country and of not allowing any group to use its soil as a base for guerrilla operations against neighbouring countries.

Thailand would allow the refugees to return home only when the situation there returned to normal and they decided to leave of their own free will, he said.

The NCGUB said that Thailand alone was not suffering intrusions by the Burmese military.

It said that on January 24, about 20 SLORC troops from the 50th Battalion conscripted 28 people as porters and confiscated 13 ox-carts from a village in Sagaing.

Troops also intruded into Mi Naung village in India's Manipur State and were temporarily detained by the Indian army. The statement condemned SLORC as an "illegal regime", contemptuous of the sovereignty of neighbouring legal governments and showing no respect for international norms and principles.

KNU military commander Brig-Gen Taw Hla said his group's withdrawal from Kawmura did not mean it was giving up the fight.

"In future we are changing our tactics from having a defensive position to guerrilla warfare," he said. (endall)
27 feb 1p/kuester/bt JK502702.015 27/1502

Officials View Ethnic Minority Issues in Burma
*BK0103103995 Bangkok PHUCHATKAN in Thai 1
Mar 95 p 15*

[FBIS Translated Text] Chiang Mai/Bangkok—On 28 February Deputy Foreign Minister Surin Phitsuwan commented on the call by the Karen National Union for assistance from the international community. He said that, being a sovereign country, Thailand has the authority to decide who can be allowed assistance, pointing out that Thailand has provided continued care and protection for people who have fled from trouble. If they had not believed that Thailand would protect them, they would not have entered Thai territory in the first place.

Surin added that, to date, Thailand has not forced refugees to return home if it felt that there was any threat to their safety or if they were not ready. The Thai Government's assistance to the refugees has been thorough and there is no need for supervision by anyone else because Thailand can do it by itself.

Meanwhile, Defense Minister General Wichit Sukmak has commented on the Burmese Government's plan to adopt the Thai policy 66/1980 to persuade Karen refugees to return home. He said that it is a good idea to gain the participation of ethnic minority people in Burmese national development to enhance unity. However, this matter is an internal affair of Burma and is part of its domestic policy; it is no business of Thailand.

Suthin Noppaket, chairman of the House Foreign Affairs Commission, has commented on the Burmese Government request to Thailand to repatriate refugees to help Burmese reconstruction and the Karen refugees's desire for Thai protection from Burmese soliders. He said this is a delicate issue that the Thai Government must decide on with care. If the repatriated refugees are harmed, Thailand could face unfavorable consequences.

In Chiang Mai, Aik Khum, or Ko Lay, a coordinator of the army for liberation of the Shan state, has discussed the Reuter report on a division within Khun Sa's army between fighters of Chinese stock and Shan stock, and on a possible mutiny in the Shan State army. He said the report was a rumor planted by the Burmese Government to create division with the Mong Tai Army [MTA]. The scheme would not work, he said.

Aik Khum disclosd that the MTA now has about 1,000 soldiers, 30 percent of whom are of Chinese stock. These soldiers were born in Shan State and want to liberate it to gain independence. The coordinators staying in Chiang Mai are members of the leadership, including Prince Khun Sai and Prince Khun Duan, who are Shan. They are personally engaged in coordination work. The main leader of Chinese stock was Prince Kuan Choem, who died three years ago.

A Thai military source has noted that disputes between two factions in the Shan State has existed for some time. The Khun Sa faction includes Prince Khun Duan and Prince Khun Sai. The other faction belongs to prince Khuan Chet, who assumed power in the Chinese faction from Prince Kuan Choem. Khun Sa readjusted the administration structure in 1992 to achieve equality, which toned down the dispute. If the dispute rekindles, an internal change is certain to occur in the Shan State army.

New Reporting Rules on Foreign Exchange Deals

BK0203060495 Bangkok BUSINESS DAY in English 2 Mar 95 p 1

[FBIS Transcribed Text] In the wake of the Barings crisis, the Bank of Thailand [BOT] has issued a circular to all commercial banks signed by Governor Wichit

Suphinit, requiring them to provide detailed information on foreign currency investments, their type and amount.

The BOT is interested to know the extent of risk in such investments and whether or not it is mainly for speculation, the circular said. Mr. Wichit explained: "The BOT would like banks to set up a system to manage derivatives to minimize risks. For its part, BOT will supervise derivatives trading by setting limitations on buying and selling."

The central bank will offer advice on how to invest in derivatives on a case-to-case basis.

Investment in the derivatives market, BOT cautioned, should not exceed that of mutual funds.

Commenting on the Barings collapse, Mr. Wichit said: "The ratio of new investment to total capitalization must be clearly specified. Barings Securities collapsed precisely because investment far exceeded the total capital. Besides, derivatives market trading needs very rigid and close control and supervision." Deputy governor Ruangchai Marakanon said by reporting any foreign currency business investments, the central bank would be in a better position to keep track of every type of foreign currency dealings of local banks.

Sometimes banks engage in forex [foreign exchange] transactions which are unrecorded and they may sometimes exceed central bank limits.

Financial System Master Plan Completed

Official Translation Published

BK0103144195 Bangkok BUSINESS DAY in English 1 Mar 95 p 2

[FBIS Transcribed Text] The following is the official translation of the Financial System Master Plan, which was approved by the Council of Economic Ministers on Monday.

The master plan was drafted by the Ministry of Finance, the Bank of Thailand and the Securities and Exchange Commission.

1. Introduction

Rapid changes and deregulation of the world financial environment have led to greater competition in the domestic financial system.

A stable and efficient financial system therefore crucial to support the sustainable growth of the country.

The Financial System Master Plan is important and necessary to guide the development of the financial system, facilitate policy coordination and support the national economic development plans.

2. Objective of Financial System Development

2.1 To enhance the efficiency of the financial system to meet the increasing needs for capital and financial services to support further economic expansion, and to enhance the competition in the Thai financial system.

2.2 To strengthen the solvency and quality of financial institutions' portfolio, and to maintain the stability of the financial system as a whole.

2.3 To channel credit and financial services to regional and provincial areas in order to support the government's provincial and rural development policy, to bring prosperity to rural areas.

2.4 To boost domestic savings to support economic expansion and raise the long-term competitiveness of the economy.

2.5 To develop Thailand into a regional financial center and internationalize the domestic money and capital market, thereby increasing the ability to raise fund and capital for the Thai economy and regional economies.

3. Rationale of Plan

3.1 To facilitate co-ordination between relevant authorities in policy-making and implementation of financial system development.

3.2 To ensure clarity and continuity of financial development policies and measures that will benefit Thai and foreign entrepreneurs.

3.3 To ensure consistency of financial development plans with the overall economic development policy, with the aim of bringing prosperity to provincial and rural areas.

4. Time Frame of Plan

The Plan is set for five years from March 1, 1995 to February 29, 2000, and is divided into two phases. The first phase, which includes short-term plans, and plans that are in the process of implementation, covers the period from March 1995 to February 1997. The second phase, covering the medium- and long-term plans, spans the period from March 1997 to February 2000.

5. Content of Plan

The Financial System Master Plan sets out policies and measures in seven major areas:

—expansion in the scope of operation of financial institutions

—improvement of the financial structure

—enhancing competition and financial liberalization

—measures to support the government's provincial and rural development policy

—improvement of supervision of financial institutions and the financial system

—development of human resource and promotion of business ethics in the financial industry

—developing Thailand into a regional financial center

5.1 Expansion in the scope of operation of financial institutions

This will enable private financial institutions—namely commercial banks, Bangkok International Banking Facilities (BIBFs) finance companies, credit foncier companies, securities companies and mutual fund management companies—to operate businesses in line with international practise and standard, and to strengthen their competitiveness.

In order to prevent risks associated with financial institutions' involvement in non-financial activities, the enlarged scope of operation will be confined strictly to financial activities.

Thus, commercial banks and finance companies will be permitted to conduct more investment banking businesses, especially those related to debt instruments.

At the same time, finance companies will be allowed to conduct overlapping businesses with commercial banks, such as international business and foreign exchange business.

However, current accounts, savings accounts and over-draft lending activities will be limited only to commercial banks.

Certain types of credit, such as hire-purchase and financial leasing, are to be limited to finance companies.

In order to enhance the competitiveness of BIBF business in relation to other financial centers, tax benefit on out-out transaction will be revised and the BIBF scope of business will be expanded.

Securities companies will be permitted to act as provident fund managers and operate foreign exchange business that are related to their securities operation.

Mergers and acquisitions of credit foncier companies will be encouraged in order to improve their efficiency in extending housing credits and expand their businesses in line with international standards.

The scope of operation of specialized financial institutions will be expanded so that they can efficiently serve as government mechanisms to promote regional and provincial development.

In this regard, the role of the Government Savings Bank will be re-oriented to that of a provincial and regional development bank, providing credit to medium- and small-scale non-agricultural customers, and financing education and loan syndications for regional infrastructure.

The scope of business of the Bank for Agriculture and Agricultural Co-operatives will be expanded to cover

non-agricultural credit to farmers, including credit for the purchase of basic needs.

The role of the Government Housing Bank in granting housing credit to retail customers and developing a secondary market for housing loans will be enhanced.

Support will also be given to the Export-Import Bank of Thailand to expand its scope of operation, and the role of the Industrial Finance Corporation of Thailand will be enhanced so that it becomes a long-term credit financial institution.

5.2 Improvement of financial system structure

The financial system should be developed in depth, width, sophistication and internationalization to ensure the availability and proper functioning of major components of the market—namely the money and capital markets thereby providing support mechanisms for savings mobilization and fund allocation, which are crucial to the support of economic growth and expansion.

In this process, measures to remove the obstacles and develop the necessary infrastructure need to be hastened.

These include development of instruments and mechanisms to mobilize domestic savings, especially development of contractual savings institutions such as private provident funds, and a central provident fund for civil servants.

The development of both public and private debt instrument markets, such as government bonds, state enterprise bonds, municipal bonds, and corporate bonds, will also be expedited.

Structural improvement of the trading system, such as the development of benchmark interest rates, development of the primary dealer system, and development of the book-entry and settlement system, are crucial to achieve this goal.

Further measures include the setting up of a trading center for unlisted securities and a financial derivatives market for hedging instruments, where due consideration will be given to the appropriate method of operation and supervision of such markets.

Development of the foreign exchange market to efficiently link with the domestic money market and an increase in the number of market participants will be pursued. To this end, the number of institutions participating as foreign exchange dealers will be increased to add depth and breadth to the market.

The establishment of new financial organizations to support financial system development, such as the Securities Finance Corporation (SSC), a special purpose vehicle (SPV), a municipal bond credit guarantee corporation and the Credit Bureau, will be expedited.

Finally, ongoing efforts will be made to develop the payment system to reduce the cost of financial transactions.

5.3 Enhancing competition and financial liberalization

To break oligopolistic practices, encourage competition in the financial system and to adhere to Thailand's commitment in the GATS, the domestic financial market will be opened to foreign financial institutions by 1997.

This mechanism will help integrate the domestic financial system with the global market, underscoring the policy to promote Thailand as a regional financial center.

In this process, due regard and priority will be accorded to domestic institutions, whereby five commercial bank licenses will be awarded to local institutions by the second quarter of 1996. This will be followed by liberalization of foreign financial institutions.

The new locally incorporated commercial banks are required to set up their headquarters in regional areas to support the government's regional development policy.

The selection criteria for the new banks include capital size, management quality and the extent of share divestiture to pre-empt the possibility of oligopolistic behavior.

Other measures that need to be expedited include encouraging mergers and acquisitions of financial institutions, and encouraging financial institutions to open branches abroad.

Nonetheless, the present limits on foreign shareholding in locally incorporated financial institutions is considered appropriate.

For foreign financial institutions, five to seven BIBFs will be upgraded to full-branch status by mid-1996, followed by the opening of the second round of BIBF and permission for existing foreign bank branches to open additional branches.

For capital market development, the liberalization of SET membership and restructuring of commission fees to reflect quality of service will enhance the efficiency of the market.

5.4 Measures to support the government's provincial and rural development policy

Specialized financial institutions and private financial institutions will play important roles in supporting the government's provincial and rural development policy, which is to diversify production bases, improve income distribution and raise the standard of living in provincial and rural areas.

In this respect, specialized financial institutions will be encouraged to provide new services, such as financing projects in rural areas, particularly for infrastructure and educational projects and providing credit for agriculture-related supplementary occupation, the acquisition of basic needs, and financing rural self-help groups.

The role and operation of the Rural Development Fund will be boosted in order to create a market mechanism and develop the financial system of the regional areas. The measures outlined will, in the long run, lead to more competition in extending financial services in the regional areas.

Private financial institutions, namely commercial banks, finance companies, securities companies, and mutual fund management companies, will be encouraged to open branches, subbranches, credit extension offices and securities brokerage offices in provinces and rural areas.

Commercial banks are expected to open branches in every district that does not have commercial bank branches within 5 years, while BIBFs' baht lending and other financial services in rural areas will help promote regional and provincial development.

5.5 Improving the efficiency of supervision of financial institutions and the financial system

To maintain stability and solvency of the financial system, supervision and regulation of financial institutions and activities should be more advanced, efficient and in step with financial liberalization.

To this end, measures will be taken to enhance the efficiency of supervision, in terms of regulatory guidelines and techniques of supervision, in tandem with the process of financial innovation and administrative expediency.

Important measures include streamlining the risk asset ratio, provision for loan loss reserves, and strengthening controls on foreign exchange exposure.

Related laws and regulations will be amended, while new laws will be enacted to supervise financial activities such as credit-card services, leasing, factoring, offshore operations and money laundering. Moreover, measures to prevent conflict of interest and to improve the role of the Financial Institutions' Development Fund will also be pursued.

Supervision of specialized financial institutions will be boosted in line with the expansion of their scope of operations, and to meet international standards.

Organizational restructuring and human resource development of the supervisory agencies of the specialized financial institutions will also have to be carried out as an ongoing process.

5.6 Human resource development and promotion of business ethics in the financial industry

To solve the human resource constraint and elevate the quality of personnel in the financial industry to meet the demand of the market, the authorities will support the work of private training institutes such as those run by the Thai Bankers Association, Association of Securities

Companies, and Securities Analyst Association in training and promoting business ethics among their employees.

The authorities will also seek to set up a training institute for banking and finance that involves every financial services sector, with a view to contributing further to the education and training of the general public.

The authorities will encourage private associations such as the Thai Bankers Association, Finance Companies Association, Association of Securities Companies, and Association of Investment Management Companies to institute their own regulations, code of conduct, and supervision rules, and to remain vigilant in enforcing those rules in order to create business ethics among market participants.

In this connection, the authorities will closely monitor and supervise the strict enforcement of such codes.

5.7 Developing Thailand into a regional financial center

In order to achieve the goal of becoming an economic and financial centre, ongoing efforts must be made to strongly support BIBF business, as is the case at other financial centres.

In order for the country to play a leading role as a funding center and to compete successfully with other financial centers, obstacles and limitations should be eliminated and the essential infrastructure for the proper functioning of a financial centre must be developed.

The measures that would enhance the competitive advantage of BIBF businesses are: tax privileges for out-out transactions, promotion of loan syndication activities among large corporations and state enterprises through BIBFs, and expansion of the scope of business of BIBF.

To promote development of the Thai capital market towards becoming the regional market, foreign companies that create benefits for Thailand and are owned, or partially owned, by Thai citizens will be permitted to list on the SET.

Other measures include monitoring the offshore baht market by using appropriate policy measures to prevent adverse impact on the economy, and encouraging Thai banks to open branches abroad.

Financial assistance to neighboring countries for projects of mutual benefit to Thailand and the region will be promoted, and financial and technical co-operation between Thailand and neighboring countries will help enhance the growth of Thailand and the region.

Although the financial development plan has clearly set out the measures, guidelines and procedures for implementation, its successful outcome will depend on several factors, in particular changes in the economic and financial environment of Thailand and the world.

In such cases, appropriate adjustment of the policy guidelines, measures, and timing of the plan will be adopted to ensure its successful implementation, to the benefit of the country's financial and economic growth.

Editorial Praises Plan

BK0203064095 Bangkok BUSINESS DAY in English 2 Mar 95 p 4

[Editorial: "Master Plan a Significant Step on Liberalization Path"]

[FBIS Transcribed Text] The Financial System Master Plan for Thailand is impressive both in scope and in substance. The plan is precisely the type of blueprint that the country needs as it moves rapidly forwards towards an era of trade liberalization and global competition. The Ministry of Finance, the Bank of Thailand and the Securities and Exchange Commission worked together to develop the plan, and they are to be congratulated for a job well done.

The plan's time frame shows a seriousness of purpose. Full implementation of all the measures and programs is to be completed in just five years. In fact, the first phase of the plan will be completed in only two years.

The master plan's objective to expand the scope of operations of financial institutions directly addresses the need for Thai financial concerns to have the flexibility and scope to render services which are standard practices in advanced industrialized economies. Commercial banks and finance companies will be able to conduct more investment banking activities, especially those related to debt instruments. The Bangkok International Banking Facilities (BIBF) scope of business will be expanded. The Government Savings Bank, long in need of new momentum and modernization, will be given the challenge of promoting rural development through credit extension. These are just a few of the significant measures the plan stipulates with a view towards expanding the scope of operations.

The plan also calls for measures to improve the efficiency of supervision of financial institutions and the financial system. In gist, financial transactions need to be at or above international standards, with transparency and accountability being the essential features. From a regulatory standpoint, greater efficiency and accountability can be achieved through such agencies as the Securities Finance Corporation (SFC), a municipal bond credit guarantee corporation and the Credit Bureau.

The most important underlying concept of the plan is to enhance competition and to promote financial liberalization. Opening the domestic banking industry up to foreign competition is a major new development. No one knows fully at this point what the total impacts will be, but there is general agreement that consumers are the ultimate beneficiaries no matter what may happen to existing domestic financial institutions or their foreign

competitors. New banks will be established with more stringent requirements to ensure long-term safety. As for the capital market, listing rules on the Stock Exchange of Thailand have already started on the course of requiring higher standards and expanding membership to more industries. Rural development, human resources development and promotion of business ethics are also included and will dovetail into Thailand's Eighth Economic Plan which should focus on human resources issues.

Finally, the plan calls for developing Thailand into a regional financial center. Although it may be too ambitious to think of this being achieved in the next five years, the idea is worth pursuing. To achieve this objective will require co-operation from other sources in the government, notably the agencies in charge of infrastructure. Making Thailand into a regional financial center is a long-term process, and so there will no doubt be a need in the future for more financial master plans of the scope and quality of the present one.

Power Decentralization Law Implemented

BK0203035395 Bangkok THE NATION in English 2 Mar 95 pp a1, a2

[FBIS Transcribed Text] Beginning today, 6,834 tambon councils nationwide can make their own legal contracts and better administer their budgets and implement their development plans, thanks to the enforcement of the Tambon Council Act.

The enforcement of the act will upgrade the tambon councils into legal entities, in a first step of the government's promise to decentralize administrative power.

The second step of the act, which passed Parliament in its final readings in November and was published in the Royal Gazette on Dec 2, is to allow councils with sufficient income to become self-governing administrations, called tambon administrative organizations (TAOs).

So far, 618 tambon councils are entitled to the second-stage upgrade which is scheduled for May 30. A tambon council is required to generate at least Bt150,000 for three consecutive years before becoming a TAO.

The government yesterday finished the countdown to the act's enforcement by making final checks on the readiness of Interior Ministry officials.

The Local Administration Department (LAD) held a meeting of its 1,275 officials concerned with enforcement of the act at the Local Administration College in Pathum Thani. The officials included provincial governors, district chiefs and assistant district chiefs.

Prime Minister Chuan Likphai, who chaired the meeting, said decentralization was the government's major achievement designed specially for rural people.

"From now on, rural people will be able to take part in democracy," Chuan said.

The act allows voters to elect their representatives to tambon councils or TAOs. However, the councils and TAOs will still have ex-officio members, including kamnan (tambon chiefs) and village heads.

Chuan said the provincial governors and district chiefs should help the councils and TAOs do good for the people by providing them guidance and consultation.

The prime minister also asked the interior officials to strictly enforce laws, especially against crimes like child prostitution, and without concern for whether the wrongdoers had connections with politicians.

Addressing the meeting, Deputy Interior Minister Suthat Ngen-muen warned the interior officials against allowing village heads and kamnan to monopolize power in the grassroots local administrations.

"I've heard that some kamnan already have plans to push their own men into seats in the TAOs," Suthat said.

"Don't allow dictatorships in local administrations, or corruption will occur because those who buy seats in the TAOs will certainly want their money back."

Suthat also asked the interior officials to ensure that members of tambon councils and TAOs would not abuse their authority to win concessions from the agencies for their personal benefit.

Thai Businessmen Invited To Invest in PRC

BK0103143695 Bangkok XING XIAN RIBAO in Chinese 28 Feb 95 p 9

[FBIS Translated Text] Thai investors are joining their counterparts from other countries in seeking business in Tianjin in China. Tianjin Vice Major Ye Disheng said that investors from 40 countries have set up about 8,000 factories in Tianjin costing a total of \$8.2 billion. He said that Thai investors, apart from the Charoen Phokkhaphan Group, have invested about 60 million U.S. dollars in various industries in the city.

According to the Tianjin vice major, Thai bankers and other businessmen are willing to invest in a green zone Tianjin plans to develop as a tourist site. Tianjin is 120 kilometers from Beijing. He suggested that Thai investors also look at electronics, telecommunications, and infrastructure businesses; adding that Thai restaurants also have a bright potential.

Visiting Thailand in 1992, Ye Disheng was impressed by the industriousness of the Thai People. He said that several Thai industries can be a model for Tianjin's development.

Top foreign investors in the city are Hong Kong, the United States, and Taiwan. The Charoen Phokkhaphan Group set up a soybean refinery worth about \$200 million in Tianjin in 1990.

Vietnam

Vo Van Kiet Receives Cuban Economic Delegation

BK0103161895 Hanoi VNA in English 1445 GMT 1 Mar 95

[FBIS Transcribed Text] Hanoi VNA March 1—Prime Minister Vo Van Kiet received here today an economic and commercial delegation of the Cuban Government led Mr. Ricardo Cabrisas, minister of foreign trade who began a working visit to Vietnam from Feb. 26.

During the reception, Mr. Cabrisas conveyed regards from Mr. Fidel Castro, general secretary of the Communist Party of Cuba and prime minister, to Mr. Kiet, and informed the Vietnamese leader of the results of his session with an economic-commercial delegation of the Vietnamese Government. He noted that the signing of a protocol on goods exchange between the two countries for 1995 and an agreement on the development of bilateral cooperation in various fields are demonstrations of the continued development of the Vietnam-Cuba friendship and cooperation. He, on behalf of the Cuban Government and people, expressed his profound gratitude to the Vietnamese people for their assistance, and reaffirmed that the Cuban Government and people would do all they can to strengthen the bilateral friendship and cooperation.

Prime Minister Kiet expressed his profound sympathy with the difficulties faced by the Cuban people and was glad with the initial achievements they recorded in their economic renovation and national construction. He affirmed that Vietnam is ready to share experiences and cooperate with the Cuban people.

On behalf of the Vietnamese Government and people, Prime Minister Kiet once again thanked the Cuban Government and people for their precious support and assistance to Vietnam in the past as well as at present and affirmed that Vietnam will go on with its solidarity and cooperation with Cuba.

Mr. Kiet asked the minister to convey his best regards to President Fidel Castro and other leaders of Cuba.

Earlier, the Cuban delegation held talks with an economic and commercial delegation of the Vietnamese Government led by Minister of Commerce Le Van Triet during which they discussed possibilities for the development of cooperation and goods exchanges for 1995. The Cuban guests also met with officials of relevant ministries and branches on the development of their cooperation.

The Cuban delegation paid a floral tribute to the late President Ho Chi Minh at his mausoleum.

This afternoon, a protocol on goods exchanges for 1995 was signed here by Mr. Le Van Triet and Mr. Cabrisas.

Doan Khue Visits Thailand, Meets Officials

BK0203035695 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Mar 95

[FBIS Translated Text] At the invitation of Thai Defense Minister General Wichit Sukmak and his wife, Vietnamese Defense Minister General Doan Khue and his wife arrived in Bangkok on 27 February for an official friendship visit to the Kingdom of Thailand.

On 1 March, General Doan Khue and his entourage were received in audience with his majesty the king of Thailand. King Phumiphon Adunyadet cordially talked to the Vietnamese delegation. General Doan Khue sincerely thanked the king for his gracious reception and conveyed the kind regards of party General Secretary Do Muoi and President Le Duc Anh to the king. On the same day, Thai Prime Minister Chuan Likphai cordially received and held talks with the Vietnamese military delegation. The Thai prime minister said: Vietnam and Thailand are not only close neighbors but also fraternal countries. General Doan Khue thanked the Thai prime minister for his cordial reception and conveyed Prime Minister Vo Van Kiet's kind regards to Prime Minister Chuan Likphai. The Vietnamese general also briefed the Thai prime minister on results of his meetings with the Thai defense minister and other generals representing the Royal Thai Armed Forces.

*** Career of General Doan Khue Profiled**

95SE0101A Vientiane KONGTHIAP PASASON LAO in Lao 4 Jan 95 p 1

[FBIS Translated Text] General Doan Khue was born on 29 December 1923 in [Quang Chi] Province.

In 1939 he joined the revolution at the local level and then became secretary of the Youth Against Imperialism organization in Chiao Fong District. In 1940 he was captured by the imperialists and imprisoned in Ban Methawat Village.

At the beginning of 1945 after he got out of prison, he continued his revolutionary activities. In June 1945 he became a member of the Communist Party of Vietnam. He was the leader of the Viet Minh unit in [Quang Binh] Province. He joined the uprising to seize power and was a member of the military forces of the province.

In the struggle against the French he was made political head of the [Quang Ngai] Army School. He was political head of the battalion affiliated with area 5.

In the struggle against the Americans he was political head of a brigade and deputy political head for the military forces of Area 4 and Area 5.

In 1976 he became the military commander of Area 5.

In 1983 he became deputy commander for the military headquarters of the Vietnamese volunteers in Cambodia and was deputy head of the Vietnamese team of experts in Cambodia.

In November 1986 he became a deputy minister of national defense. He was commander of the Vietnamese military volunteers and head of the Vietnamese team of experts in Cambodia.

In December 1986 he was deputy minister of national defense and chairman of the Joint Chiefs of Staff of the Armed Forces of the People of Vietnam.

In August 1991 he became minister of national defense. In 1958 he was promoted to colonel. In 1974 he was promoted to brigadier general. In 1980 he was promoted to major general. In 1984 he was promoted to lieutenant general. In 1990 he was promoted to general.

He was a member of the Central Committee of the Communist Party of Vietnam in the fourth, fifth, sixth and seventh sessions, and he has been a member of the Politburo of the Central Committee of the Communist Party of Vietnam from 1986 until the present. Since 1991 he has been Deputy Secretary to the Central Party Committee on Military Affairs.

He was a representative in the seventh, eighth and ninth sessions of the National Assembly.

He has received many prestigious medals from the state and the armed forces.

Nong Duc Manh, Delegation Leave Czech Republic

BK0103161795 Hanoi VNA in English 1433 GMT 1 Mar 95

[FBIS Transcribed Text] Hanoi VNA March 1—A delegation of the National Assembly led by Chairman Nong Duc Manh left Prague yesterday, concluding their five-day visit to the Czech Republic.

While there, the delegation held talks with Chairman of the Czech National Council (Parliament) Mr. Milan Uhde, Deputy Prime Minister Mr. Josef Lux, who is also minister of agriculture, Minister for Foreign Affairs Mr. Josef Zieleniec and other senior officials of the Czech parliament's committees and called at a number of cultural and economic establishments.

They two sides highly valued the result of the Vietnamese National Assembly delegation's first Czech visit and considered it an important and new step of the development of the traditionally friendly and cooperative relations between Czech and Vietnam.

Do Muoi Addresses State Enterprise Conference

BK0203064795 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 1 Mar 95

[FBIS Translated Text] On 28 February, the Central State Enterprise Directors Club held a conference to

discuss and contribute ideas to the party Central Committee Political Bureau's draft resolution on renovating, consolidating, and enhancing results of socioeconomic development program.

Attending the conference were party General Secretary Do Muoi [words indistinct]; Do Quoc Sam, chairman of the State Planning Commission; and representatives of ministries, sectors, and economic research agencies at the central level.

Addressing the conference, General Secretary Do Muoi pointed out the requirements, orientations, and tasks for our country's socioeconomic development program in the new stage. He stressed the significant position and role of state enterprises in developing the national economy as well as in meeting the requirements for renovating the management mechanism and in consolidating and enhancing work results of enterprises.

Almost 280 directors of state enterprises presented their ideas and experiences to contribute to supplementing and perfecting the draft resolution.

Deputy Prime Minister on Socioeconomic Plans

BK0103143295 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Feb 95

[FBIS Translated Text] Deputy Prime Minister Phan Van Khai had a working session yesterday with the standing body of the party committee, the people's council, and the people's committee of Khanh Hoa Province to discuss the implementation of the 1995 state plan and the preparations for the socioeconomic development programs for the 1996-2000 five-year period and the ensuing years. Deputy Prime Minister Phan Van Khai commended the Khanh Hoa provincial party organization and people for their new efforts to boost economic development last year. He pointed out the drawbacks and shortcomings that need to be overcome and reminded Khanh Hoa of the need to devote efforts to satisfactorily implementing the 1995 state plan and

making active preparations for the formulation of the socioeconomic development plans for the 1996-2000 five-year period and the ensuing years.

The deputy prime minister stressed that in the future, in the framework of a master plan, Khanh Hoa will form one of the important industrial centers of the southern coastal provinces. It is necessary for leading provincial officials to study and foresee the needs for the period from now till the years 2000, 2010, and 2020 to define socioeconomic development orientations, including city building, beach development, and construction of seaports and airports, communication networks, and water conservancy projects with the best solutions to secure results in all fields. Nha Trang must be developed into a beautiful, clean, and civilized city that is convenient for daily activities and work, one thereby worthy of being a tourist resort.

In the 1996-2000 five-year period and the ensuing years, maximum efforts must be made to bring into play the advantages of a province that has beautiful scenery and fine weather resulting from its forests, coastal areas, and plains. Concentrated efforts are needed to mobilize all capital sources at home and abroad and the contributions of the people of all walks of life as well as of different economic sectors to quickly increase the economic growth rate through the structure based on industry, service provision, tourism, aquatic and sea products, agriculture, forestry, and so forth. Furthermore, it is necessary for Khanh Hoa to pay due attention to and assist agricultural production and look after the living conditions of compatriots in the rural and mountain regions to create conditions for harmonious socioeconomic development in the province.

As an immediate objective, party committee echelons and administrative organs must devote efforts to discussing and studying issues ranging from site selection and plans to investment solutions to formulate correct and uniform policies that appeal to and win the trust of business organizations at home and abroad.

Australia**Evans Welcomes Indonesian Response to Inquiry**
BK0203032195 Melbourne Radio Australia in English 0100 GMT 2 Mar 95

[FBIS Transcribed Excerpt] The United Nations Human Rights Commission in Geneva has expressed deep concern over continuing human rights violations in East Timor. [passage omitted]

Meanwhile, Australia has welcomed the Indonesians' response to investigations into the deaths of six East Timorese civilians in January. Indonesia's Human Rights Commission has conceded that the civilians were tortured and unlawfully shot in East Timor by Indonesian troops with human rights abuses taking place before, during, and part of the incident.

Australian Foreign Affairs Minister Gareth Evans says Indonesia's decision to release details of the inquiry and acknowledge gross errors were made is an unusual and welcome move.

Senator Evans says Indonesia now needs to remove its oppressive military presence in East Timor.

[Begin Evans recording] I am hopeful about the longer term, but getting there is going to be a pretty bumpy road. Certainly the heat has been increasing internationally with a lot of countries around the world that are prepared to be understanding of Indonesia's role and all of this, but at the same time really do believe that (?more) performance is really required if Indonesia is to maintain the full confidence of the international community in the way it handles these things. [end recording]

Minister on Relations With South Pacific
LD0203095695 Melbourne Radio Australia in English 0800 GMT 2 Mar 95

[FBIS Transcribed Text] Australia says there have been significant developments in its relations with South Pacific countries over the past year.

Australia's minister for development cooperation and Pacific island affairs, Gordon Bilney, said the South Pacific had shown an unprecedented commitment to improving economic and environmental policies.

Presenting his annual aid report to parliament, Mr. Bilney said Australia was committed to helping reform in areas such as forestry, fishing, civil aviation, and finance. The minister said Papua New Guinea [PNG] had agreed to the radical transformation of Australia's aid program, phasing out direct cash payments to PNG by the end of the decade. Mr. Bilney said Papua New Guinea wanted Australia's program aid to go to education, health, and infrastructure. He said it would take Papua New Guinea some time to counter the problems of high domestic and external deficit, high labor costs and poor investment level.

New Caledonia**Workers Protest Job Threat From Immigrants**
BK2402162195 Hong Kong AFP in English 1006 GMT 24 Feb 95

[FBIS Transcribed Text] Noumea, Feb 24 (AFP)—Several thousand people demonstrated here Friday to protest immigration to New Caledonia that they said threatened local jobs held by ethnic Melanesians.

Police said the protest drew 2,700 people, while the organisers put the tally at 5,000.

The rally was called by an umbrella group of trade unions representing Kanaks, as the Melanesians of this French Pacific territory are called.

Kanaks account for roughly 44 percent of the 164,000 population. Kanak activists say livelihoods are threatened by an influx of young job-seekers from France and Pacific countries.

The rally organisers, the Alliance of Trade Unions for Kanak and Exploited Workers (USTKE), also called a general strike on Friday, but support for it was patchy.

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